



# PITMAN'S COMMERCIAL ENCYCLOPÆDIA AND DICTIONARY OF BUSINESS

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DESIGNED AND WRITTEN FOR THE BUSY MERCHANT, THE  
COMMERCIAL STUDENT AND THE MODERN MAN OF AFFAIRS

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Interpleader	Marginal Notes	Oman
Intestacy	Marine Insurance	Ommum
Intimidation	Maritime Lien	One Man Company
Inventory	Marked Cheque	Open Cheque
Invoicer	Market	Options
I.O.U.	Marketable Securities	Orange Tree State
Ireland	Market Gardens	Order in Council
Irredeemable Debentures	Market Overt	Order XIV
Issue of Bill	Markets and Fairs	Ordinance Survey
Italy	Marriage Settlements	Outside Brokers
Jamaica	Married Women's Property	Overdue Bill
Japan	Master and Servant	Overtrading
Jettison	Mauritius	Paid up Capital
Jobber	Mayor	Ianama
Joint Tenants	Mayor's Court	Iaraguay
Jurisdiction	Meetings	Parent and Child
Jury	Memorandum of Association	Partners
Landlord and Tenant	Memorandum of Deposit	Passport
Latin Union	Mensuration	Patents
Leascholds	Merchandise Marks Act	Pawnbroker
Leeman's Act	Merger	Payee
Leeward Island	Mesne Profits	Payment Stopped
Legacy	Metric System	Pedlars
Legacy Duty	Metropolitan Clearing	Percentage Table
Legal Estate	Mexico	Perjury
Legal Mortgage	Middleman	Precedent
Legal Tender	Middle Price	Procurement
Letter of Allotment	Mint Par of Exchange	Iersia
Letter of Credit	Minutes	Personality
Letter of Indemnity	Misappropriation	Peru
Letter of Inducement	Misadventure	Physicians and Surgeons
Letter of Regret	Misrepresentation	Pilot
Letters of Administration	Money	Poisons Sale of
Liabilities	Money Orders	Post Office
Libania	Monometallism	Prize Writing
Licences	Monopoly	Preferential Tariff
Licensing Laws	Montenegro	Prescription
Lien	Morocco	Precedent
Life Annuity	Mortgage	Probate
Life Insurance	Mortmain	Profits
Light Locomotives	Most Favoured Nation	Promissory Note
Light Railways	Motions	Promoter
Lights	Motor Cars	Property
Limitations Statutes of	Municipal Legislation	Prospectus
Limited Liability	Natal	Public Trust
Limited Partnerships	National Debt	Pye
Liquidated Damages	Naturalisation	Quarantine
Liquidator	Negligence	Quarter Sessions
Lloyd's	Negotiability	Queensland
Local Government	Newfoundland	Quinquennial Valuation
Log Book	New Guinea	Railway Canal Commission
Loose Leaf Books	New South Wales	Railway Companies as Carriers
Lost Bank Notes	New Zealand	Railways
Luggage	Next-of-Kin	Rateable Value
Lunacy	Nicaragua	Rating and Local Taxation
Machinery	Non-Business Days	Rebate
Maintenance	Norway	Receipt
Making up Price	Novation	
Malignant Prosecution	Nuances	



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Invoice	Market	Options
I O U	Marketable Securities	Orange Free State
Ireland	Market Gardens	Order in Council
Irredeemable Debentures	Market Overt	Order XIV
Issue of Bill	Markets and Fairs	Ordinance Survey
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Jamaica	Married Women's Property	Overdue Bills
Japan	Master and Servant	Overtrading
Jethson	Mauritius	Paid up Capital
Jot bar	Mavor	Paraguay
Joint Tenants	Major's Court	Parent and Child
Jurisdiction	Meetings	Partners
Jury	Memorandum of Association	Passport
Landlord and Tenant	Memorandum of Deposit	Patents
Latin Union	Mensuration	Pawnbroker
Leaseholds	Merchandise Marks Act	Payee
Leeman's Act	Merger	Payment Stopped
Leeward Islands	Mesne Profits	Pledgers
Legacy	Metric System	Percentage Table
Legacy Duty	Metropolitan Clearing	Perjury
Legal Estate	Mexico	Perpetuity
Legal Mortgage	Middleman	Procurement
Legal Tender	Mineral Price	Persia
Letter of Allotment	Mint Par of Exchange	Personality
Letter of Credit	Minutes	Pier
Letter of Indemnity	Misappropriation	Physicians and Surgeons
Letter of Indication	Miscegenation	Pilot
Letter of Regret	Misrepresentation	Port Office
Letters of Administration	Money	Price Writing
Liabilities	Money Orders	Preferential Payment
Liberia	Monometallism	Prescription
Licences	Monopoly	Presentment
Licensing Laws	Montenegro	Probate
Lien	Morocco	Profits
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Life Insurance	Mortmain	Promoter
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Light Railways	Motions	Prospectus
Lights	Motor Cars	Public Trustee
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Limit of Liability	Natal	Quarantine
Limited Partnerships	National Debt	Quarter Sessions
Liquidated Damages	Naturalisation	Queensland
Liquor	Negligence	Quantum of Valuation
Lloyd's	Negotiability	Railway Canal Commission
Local Government	Newfoundland	Railway Companies as Carriers
Log Book	New Guinea	Railways
Loose Leaf Books	New South Wales	Rateable Value
Lost Bank Notes	New Zealand	Rating and Local Taxation
Luggage	Next of Kin	Rebate
Lunacy	Nicaragua	Receipt
Machinery	Non Business Days	
Maintenance	No way	
Making up Price	Novation	
Malicious Prosecution	Nuisances	

# LIST OF MAPS, INSETS, AND ILLUSTRATIONS

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## COLOURED MAPS

IRELAND	JAPAN	NEW ZEALAND
ITALY	MEXICO	NORWAY AND SWEDEN

## MAPS IN TEXT

MAURITIUS	MOROCCO	PERSIA	PERU
RAILWAY MAP OF ENGLAND AND WALES		RAILWAY MAP OF SCOTLAND	
RAILWAY MAP OF IRELAND			

## INSETS

FACSIMILE OF LEASE	LIQUIDATOR'S ACCOUNT	LETTERS PATENT
FACSIMILE OF AGREEMENT TO TAKE A HOUSE	LLOYD'S POLICY	POST-OBIT BOND
LETTER OF HYPOTHECATION	MARRIAGE SETTLEMENT	PRELIMINARY AGREEMENT ON FORMING COMPANY
ABSOLUTE ASSIGNMENT OF LIFE POLICY	MORTGAGE	PROOF OF DEBT IN 'BANK- RUPTCY
ASSIGNMENT OF LIFE POLICY BY WAY OF MORTGAGE	PARTNERSHIP ARTICLES	PROSPECTUS
PASSPORT		
BOND FOR ADMINISTRATION OF DECEDENT'S ESTATE		

## ILLUSTRATIONS

LOOSE LEAF LEDGER	SPECIMEN OF PROOF CORRECTIONS
MOTOR INDEX MAPS	

BESIDES NUMEROUS FORMS, RULINGS, ETC., PRINTED IN WITH THE TEXT

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# COMMERCIAL ENCYCLOPEDIA

DICTIONARY

INT

**INTERNATIONAL LAW.**—This is the law which is generally given to the body of rules which regulate the conduct of civilised States in dealing with one another. It is therefore distinguished from municipal law in that the latter applies to the first instance to the inhabitants of a State. It will be obvious on the very slightest consideration that international law although law is not really law at all. There is no power which can enforce the rules of it. Yet every nation has resolved to keep itself out from the other countries of the world as was the case with China and Japan until quite recently. It must conform to the regulations which a majority of nations have considered it wise to impose upon themselves just as the rules of a code of honour must be observed by individuals. There is to be any intercourse at all. If any one nation outrage the ideas of all the other nations it will be quickly brought to reason by a combination of circumstances which it is unnecessary to specify. It is left out of account altogether if sufficient circumstances are not present to be significant to be ignored. To a certain extent however the difficulties of the enforcement of the rules of international law are likely to be overcome by the recent establishment of the Hague Tribunal.

International law is generally divided into two parts—public and private. The former deals with the intercourse of States considered as independent in time of peace and in time of war. An elaborate code has been devised as to each of these. In time of peace international law—that is just international law—has to do with the intercourse between nations so far as ambassadors, ministers, etc. are concerned and the authority accorded to each State in dealing with the subjects of other than its own. In time of war international law has to do with all such matters as neutral blockade, right of capture, intervention, etc. These are merely mentioned here as they have only a remote connection with matters of commerce which cannot be adequately considered except in treatises which are specially devoted to the subject. On the other hand private international law as it is sometimes called the Conflict of Laws deals with the civil rights of people who are interested in the affairs of those who are resident in a State other than their own. These touch all the questions of domestic life and commercial undertakings. As

privileged person in this country, the defendant can always set up a right of his own against the plaintiff by way of counterclaim (*qv*). Again, no action can be entertained in this country as to any question affecting rights connected with land situated abroad. This is on the ground of expediency, for so long as peace is existing between two countries, no judgment can be effective which interferes with the internal affairs of another, and it would be folly to pronounce a judgment which could only be a mere nullity. There is likewise, no jurisdiction to entertain an action for the enforcement of the penal laws of a foreign country, especially those laws which have reference to the Revenue. Subject to these exceptions, the English courts will assume jurisdiction as to any property, movable or immovable, situated in England, and also as to the following—

- (1) Actions *in personam*
- (2) Admiralty actions *in rem*
- (3) Matrimonial causes, and those which relate to the validity of marriages and legitimacy.
- (4) Bankruptcy
- (5) Administration and succession

By an action *in personam* is understood an action which is directed against a particular person with the object of compelling him to do a particular thing, or to pay damages for a breach of contract or for a tort. If the parties to the action are both in England, an action may be commenced by service of a writ upon the defendant, no matter where the cause of action arose. If the writ is served, the action will go on. But it is always possible for the defendant to raise legal objections to the carrying on of the same, and if he can show good grounds for arresting the action the matter will drop. Thus, for example, in the case of a tort, it must be clear that the wrong complained of is not only actionable in England, but also is an act which is wrongful in the place where it was committed, provided that the tort was committed abroad. It is immaterial that both the plaintiff and the defendant are foreigners. The court will assume jurisdiction if called upon to do so.

But suppose the defendant is out of England, and the plaintiff in England wishes to take proceedings. No proceedings can be commenced except by the issue of a writ, and no service of the writ can be effected out of the jurisdiction of the English courts, except by its special permission. This permission is given in the majority of cases whenever—

- (1) The whole subject-matter of the action is land situated within the jurisdiction (with or without rents or profits).
- (2) Any act, deed, will, contract, obligation, or liability affecting land or hereditaments situated within the jurisdiction is sought to be construed, rectified, set aside, or enforced in the action.
- (3) Any relief is sought against any person domiciled or ordinarily resident within the jurisdiction.
- (4) The action is for the administration of the personal estate of any deceased person who at the time of his death was domiciled within the jurisdiction, or for the execution (as to property situated within the jurisdiction) of the trusts of any written instrument, of which the person to be served is a trustee, which ought to be executed according to the law of England.
- (5) The action is founded on any breach or alleged breach within the jurisdiction of any contract wherever made, which, according to the terms thereof, ought to be performed within the

jurisdiction, unless the defendant is domiciled or ordinarily resident in Scotland or Ireland;

(6) Any injunction is sought as to anything to be done within the jurisdiction, or any nuisance within the jurisdiction is sought to be prevented or removed, whether damages are or are not also sought in respect thereof.

(7) Any person out of the jurisdiction is a necessary or proper party to an action properly brought against some other person duly served within the jurisdiction.

Formerly it was also necessary to obtain leave to serve a writ upon a member of a partnership carrying on business within the jurisdiction if such partner happened to be abroad, for it is necessary in the case of a partnership that each of the members shall be served to hold them liable. But now it is specially provided by one of the Rules of Court that where persons are sued as partners in the name of their firm, the writ shall be served either upon any one or more of the partners or at the principal place within the jurisdiction, of the business of the partnership upon any person having at the time of service the control or management of the partnership business there. Such service is deemed to be good service upon the firm sued, whether any of the members thereof are out of the jurisdiction or not.

If the person to be served abroad is a British subject, he is actually served with the writ. But if the proposed defendant is neither a British subject nor within the British dominions, he is not served with the writ, but a notice of the same is sent to him.

It must never be forgotten that this service of a writ, or a notice thereof, is not a thing to be claimed as of right—it is to a certain extent discretionary. Any irregularity in the proceedings also will render the whole matter a nullity. From a careful examination of the rules set out above, it will be seen that no action for a tort can be commenced at all unless the defendant is within the jurisdiction of the court at the time of the service of the writ.

So much for actions *in personam*. An Admiralty action *in rem* is one that is brought in the Admiralty Division—one of the sub-divisions of the Probate, Divorce, and Admiralty Division—of the High Court of Justice. It is an action which is instituted against a ship or other *res*, such as the cargo or freight, connected with a ship. Its object is to satisfy the claim of a plaintiff against the ship or *res* by transfer, sale, or other mode of dealing. The foundation of the action is the arrest of the ship when it is within English waters, that is, within 3 miles of the English coast.

Little needs to be said as to matrimonial causes. The jurisdiction as to divorce is founded entirely upon domicile (*qv*). The English courts will entertain no authority unless the parties are domiciled here, and since the domicile of a wife is always the same as the domicile of her husband, no married woman can obtain a divorce in this country if, prior to the institution of the suit, her husband has changed his domicile. If the suit is for judicial separation only, and not for divorce, a wife is entitled to proceed if she resides in England, whatever the domicile of her husband may be.

The same is true, *re*, the domicile is the main factor, in cases of administration and succession. But in no cases will the English courts attempt to exercise any jurisdiction in cases of this kind, any more than in ordinary actions, if immovable property situated in any country outside England is affected. And they can go no further in the case

of movable property than dividing the title to the same in particular cases. This applies also to bankruptcy.

It is obvious that most of the matters referred to in this article have to do with practice and procedure and that consequently only the merest outline of the subject can be set out in the present work.

There is however one question of importance to be considered in the wording of contracts when the parties are domiciled in different countries and this becomes all the more difficult when the contract has to be performed in a third country. The English law upon the subject may be stated shortly as follows—

(1) No contract is valid in England although valid in any foreign country if its enforcement is contrary to an Act of Parliament or opposed to any English law of procedure.

(2) Capacity to contract is governed by the law of the domicile except in the case of an ordinary mercantile contract when the law applicable is that of the country where the contract is made and in a contract concerning land when the law of the place where the land is situated prevails.

(3) The form to be observed is that of the country where the contract is made.

(4) In the absence of the expressed intention of the parties as to the particular law which shall govern the construction of the contract the following legal presumptions are applied—

(a) The law of construction is that of the country where the contract is made especially when the contract is to be performed wholly in the country where it is made.

(b) The law of construction is that of the country where it is to be performed when the contract is made in one country and is to be performed wholly or in part in another country.

(5) The validity of the discharge of the contract is to be governed by the law of the country which is held to be the proper law for the construction of the same.

There are certain particular contracts which have to be construed in accordance with rules which have long been well established. For instance the contract of affreightment is governed by the law of the country to which the ship belongs commonly designated the law of the flag. As to average adjustment (*q.v.*) the law applicable is that of the place at which the common voyage terminates. When the voyage is completed in due course the law applicable is that of the port of destination. When the voyage is not so completed the law applicable is that of the place where the voyage is broken and the cargo is taken out of the ship. An underwriter (*q.v.*) is bound by the average adjustment properly taken according to the law of the place of adjustment. But an English insurer of goods on board a foreign ship is not affected by the law of the flag.

As to bills of exchange which do not fall within the category of inland bills (*q.v.*) see FOREIGN BILL.

Lastly as to agency. The law which is applicable to the construction of the contract which establishes the agency is that of the country in which the relationship between the principal and the agent is set up.

**INTERNATIONAL SECURITIES**—(See **INTERNATIONAL SECURITIES**.)

**INTERNATIONAL TRADE**—The formation of the most intimate international relations is a notable feature of modern times and trade relations

have been most developed of all. The foreign trade of Britain was once confined to a few articles of great value in small bulk—in Norman times for instance the bones and other relics of saints formed a great percentage of our imports. Foreign trade as a regular thing was inconceivable. It now provides a vast and continuous stream of the commonest articles of food stuffs and raw material wheat from the middle of Canada wool from the Antipodes. London with its millions is made possible only through the uninterrupted arrival of shiploads of supplies from the ends of the earth. Lancashire provides its workers with employment in producing England's chief export because of the steady flow of raw cotton into Liverpool. Migration the movement of people between countries and commerce the corresponding movement of goods no longer proceeds at a rate undreamed of in former days. This is palpable to all and we may indeed exaggerate rather than under-estimate the importance of the fact. Even in a country such as ours where foreign commerce is so highly developed the domestic trade is of vastly greater import. It is not however so much before us since statistics of its extent are rarely available as they are with respect to foreign trade. It is besides taken for granted that though one party in a domestic exchange may gain at the expense of the other yet it can hardly be at the expense of the community whereas foreign trade may benefit the individual to the distinct loss of the community. The opium importer in China the introducer of pernicious books in England must in the interest of the whole be restrained in his pursuit of gain. The relative weight of home and foreign trade is an element in the problem of controlling trade. The benefiting of one trade by regulating overseas traffic may well have on other trades injurious effects which more than balance the good. In a case where the external trade is the feeder of home trade this is obvious. If in the wish to encourage home industries a duty is placed on foreign leather the duty will enable the leather manufacturer to obtain higher prices for his commodity and will undoubtedly furnish an incentive to the employment of labour and capital in the industry. These workers however to whom leather is an indispensable raw material—the makers of boots of saddlery of bags and trunks of machine belts and the like the bookbinders and upholsterers—will be hampered by the restriction.

International trade is in its essence an extension to countries of the territorial division of labour. It economises effort by allowing each country to devote itself to what it is best fitted for. It is not an over-reaching by one nation of another but is the source of mutual benefits. The natural and acquired aptitudes of one country are made of service to another. By division of labour within a community the advantages of specialised production and diversified consumption are combined. Each man adds to public wealth most largely when he confines himself to one line. He obtains most enjoyment from public wealth when he spreads his consumption over a number of lines. Commerce contributes to countries like advantages. It means a more efficient employment of the productive forces of the world a greater resultant of enjoyment for mankind from the same effort. It is clear that only by foreign trade can we obtain a supply of such commodities as cannot be produced at home but why import from a distance things

which we could produce at home without difficulty, and in any quantity? Why import wheat and export cotton and iron goods? Because our labour is relatively more effective in the production of iron and cotton than it is in the production of wheat. We import that in which we have the less comparative advantage, we export that for the production of which our circumstances are better fitted. A doctor does not shovel his own snow, though he may be more capable of doing so than the man he employs. The diversion of his time and energy from work in which he has extraordinary advantages to a task in which he has only ordinary ones would result in the doctor's loss. The case with countries is analogous. If we can produce woollens at half the cost of Sweden, and iron ore at three-quarters of the cost, it will pay us to import iron ore from Sweden and pay for it by woollens. We obtain the iron at a smaller cost than it cost Sweden, but they, too, gain, since the woollens would have cost them more than the iron with which they pay. Commerce is virtually a mode of cheapening production, of which cheapening the consumer ultimately gets the benefit. Between different countries, owing to distance, diversity of language, law, and customs, owing also to the force of inertia, profits and wages may long continue different. In spite of the international movement of capital and labour, there still exists remarkable difference in the comparative costs of production, and this difference in the comparative cost is the sufficient motive to international trade.

An indirect advantage of foreign trade has latterly assumed great weight. Every extension of the market has a tendency to improve the processes of production. "One essential for cheap production is magnitude," says Mr Carnegie. "Concerns making one thousand tons of steel per day have little chance against one making ten." And in order that a large and steady output may be marketed, producers have not scrupled to resort to dumping and cutting prices, and the like "unfair" competition.

The above are the economical effects of commerce. The intellectual and moral benefits of widening the circle of exchanges and of affording people the means of rendering mutual services, are greater and higher than the cheapening of goods. Commerce is rapidly rendering war obsolete by strengthening and multiplying the personal interests that would be impaired by its outbreak.

**INTERPLEADER.**—When each of two or more persons makes a claim upon goods which are in the possession of a third party, and this third party has no clear title to the same, a multiplicity of legal proceedings is avoided by this third party being permitted to retire and to leave the others to contest their claims between themselves. This species of legal procedure is known as interpleader. Although it is obvious that there must be many instances in which interpleader can arise, it is most commonly the outcome of an execution, when the sheriff (*qv*) or bailiff of the county court (*qv*) has seized the goods of a judgment debtor (*qv*) on behalf of a judgment creditor (*qv*), and some other person comes forward as the claimant of the goods seized. The sheriff is then generally permitted to stand aside, and is exonerated from any liability as to costs, whilst the claimant and the judgment creditor fight out the case to the bitter end.

**INTERROGATORIES.**—In law, during the course of the pleadings (*qv*) in an action—or in the case

of county court proceedings, at any time before the trial—either the plaintiff or the defendant may obtain permission to deliver certain questions in writing to the adversary, which the latter must answer. The questions must be relevant to the matter in dispute, but in order that the privilege of putting these questions, which are called interrogatories, may not be abused, the permission of the court must be obtained as to the particular forms in which they are put, and, in the High Court, the interrogator is required to pay a minimum deposit of £5 before the interrogatories may be delivered. The answers must be made upon oath, *i.e.*, they are sworn to before a commissioner for oaths.

**INTESTACY.**—A total intestacy occurs where a person dies without leaving a will at all. A partial intestacy also arises where a testator has omitted to dispose of the whole of his estate, or where he has made no residuary bequest, and some of the beneficiaries—the legatees named in the will—have died before the testator. When a person dies wholly or partially intestate the State decides how his undisposed-of property shall devolve. The rules of inheritance and distribution are applicable both to an estate wholly undisposed of by will, and to that portion of the estate which has not been effectually disposed of, even if there is a will in existence.

Where there is an intestacy, nothing can properly be done in the distribution of an estate until an administrator (*qv*) is appointed. The administrator, when appointed, should first pay the funeral expenses and debts of the intestate out of the estate. He should then distribute the estate according as it consists of real property, or personal property (including leaseholds). The real property descends according to the law of inheritance, the personal devolves, in the first place, upon the widow and issue (subject to the Intestate Estates Act, 1890), and if there is no widow or issue, it is divided among the next-of-kin according to the Statutes of Distribution (*qv*). Under the Intestate Estates Act, where the deceased leaves a widow and no children, and the net value of the whole estate does not exceed £500, the widow is entitled to the whole, and where the value of the estate exceeds £500, the widow has a first charge upon £500. (See DISTRIBUTION, STATUTES OF). An illustration is given in order to make the point clearer, and to show the effect of the Act. Upon an intestacy a widow is entitled in the case of real property in which her husband had more than an estate for life, *e.g.*, a fee simple or a fee tail, to what is known as "dower," that is, a life estate in one-third of the property, and this cannot be taken away from her unless there has been a declaration against dower in the deed of conveyance of the property to the husband, or unless it has been otherwise barred. It is immaterial whether there has or has not been any issue of the marriage. When the estate of the deceased consists of copyhold lands, the widow is entitled to what is known as "free bench," *i.e.*, a certain life interest in a part of the estate, an interest which varies with different manors. Until the passing of the Act of 1890, dower or free bench, supposing there was the right to either, was all the interest a widow of an intestate had in the real property of the deceased, and if there were no children of the marriage her share in the personality was limited to one-half, even though the value of the whole property was less than £500. Since 1890, the change made in the law may be illustrated as

follows. Suppose a man leaves real property worth £1000 and personal property worth £4000. If he has died wholly intestate the widow is entitled first of all to £500 one-fifth of which namely £100 comes out of the real estate and four-fifths namely £400 out of the personal estate. She is then entitled to her dower unless it has been barred, out of the remaining £900 of real estate and to one-half of the remaining £3600 of the personal estate. She thus receives £2300 absolutely, and enjoys the interest arising out of £300 worth of the real property for her life. Until the £500 is paid to her she is also entitled to interest upon that sum at 4 per cent from the date of her husband's death until the money is paid. If there is issue she takes only one-third of the £4000 and dower in one-third of the £1000. The widow's rights are in such case subject to the payment of her husband's debts. The rules of descent are subject to the customs of gavelkind and borough English in the parts of the country where they exist.

Leaseholds a very common interest in land are personal and not real property. Real property by the Inheritance Act 1833 includes as well as land manors advowsons messuages and all other hereditaments, money laid out in the purchase of land and certain other property mentioned therein but for present purposes it is sufficient to take ordinary freehold land into consideration. It should be remembered that land may be charged with curtesy in favour of an intestate surviving husband in a like manner as with dower and free-bench.

Since the Land Transfer Act 1897 the interest of an heir in an estate in fee simple is in the first place merely equitable for he does not obtain the legal estate in the lands until they have been expressly conveyed to him by the deceased administrator but the title to succeed is of course traced in the same way as before the Act.

The rules of descent do not apply to a sole trustee or mortgagee of freeholds which pass on death notwithstanding any testamentary disposition to the personal representatives and not to the heir.

The rules of descent were settled by the Inheritance Act 1833 and are briefly as follows but it is to be noted that descent has not the meaning that is ordinarily ascribed to it. It signifies the title to inherit owing to consanguinity. The heir may be either an ancestor or a collateral relation as well as a child or other issue—

(1) Descent is in every case to be traced from the purchaser. If the deceased himself bought the real estate any rights to inherit must be traced from him alone but the word purchaser in descent has a technical meaning for it signifies in law the person who last acquired the land otherwise than by descent or than by an escheat partition or in livery by the effect of which the land shall have become part of a descendible in the same manner as other land acquired by descent. It will be seen therefore that if the deceased intestate had acquired the property under a devise by will he is considered to be the purchaser just as though he had bought himself and it makes no difference whether he is the heir of the person who made the devise or not. He would have succeeded in any case even though there had been no devise. It is a presumption of law that the last person entitled to hold the land was the purchaser so as to trace the inheritance from him, unless it is proved that he inherited



male paternal ancestors and their descendants have failed. Again, no female maternal ancestor nor any of her descendants can inherit until all the male maternal ancestors and their descendants have failed.

(7) The issue of an ancestor *in infinitum* represents such ancestor. By means of this rule it is always possible for collaterals of the half-blood to come in, whereas before the passing of the Inheritance Act the half-blood could not inherit, *e.g.*, a half-brother could never inherit, though a cousin of the whole blood, however distant, could. The place in the order of inheritance of a relative by the half-blood is now next after any relative in the same degree of the whole blood and his descendants where the common ancestor is a male, and next after the common ancestor where such common ancestor is a female. It will thus be seen that a brother of the half-blood on the paternal side inherits next after the sister of the whole blood on the paternal side, and her descendants, whilst a brother of the half-blood on the maternal side, inherits next after the mother.

Rule (8) is not of much consequence, for it deals with a point that very rarely arises. It is that in the admission of female paternal ancestors the mother of the more remote male paternal ancestor is preferred to the mother of a less remote male

paternal ancestor and her heirs, and in the admission of female maternal ancestors, the mother of the more remote male maternal ancestor and her heirs is preferred to the mother of a less remote male maternal ancestor and her heirs.

By the Law of Property Amendment Act, 1859, an additional rule has been provided, that—

"Where there shall be a total failure of heirs of the purchaser, or where any land shall be descendible as if an ancestor had been purchaser thereof, and there shall be a total failure of the heirs of such ancestor, then and in every such case the land shall descend and the descent thereof shall thenceforth be traced from the person last entitled to the land as if he had been the purchaser thereof."

This statute provides for a case like the following: A purchaser dies intestate, leaving one son and no other relatives. If the son also dies intestate without issue the heirs of the purchaser will have wholly failed, and the land would formerly have escheated to the Crown, or an immediate lord, but there may be relatives of the son on his mother's side, and such relatives are now competent to inherit.

The following table shows who is the heir in the cases where the question has most frequently to be ascertained—

<i>If the Intestate leaves only—</i>	<i>The Freehold Property goes to—</i>
Wife and no blood relations	Crown, if freehold, the lord of the manor, if copyhold
Wife, sons, and daughters	Eldest son
Wife and daughters	Daughters as co-parceners. If one daughter only, whole to her
Wife and grandchildren	Eldest son of eldest son of deceased. In other cases, see Rule 4
Wife and father	Father
Wife and grandfather (father being dead)	Grandfather
Wife and mother (no relations on father's side)	Mother
Wife, mother, brothers, and sisters	Eldest brother
Wife, mother, nephews, and nieces (issue of brothers and sisters)	Heir of eldest brother
Wife, mother, nephews, and nieces (issue of deceased sisters)	The heirs of each sister, according to their respective shares as co-parceners, if they had lived. The eldest son of any sister takes the whole of his mother's share. The daughters of any sister, if there is no son, divide their mother's share between them
Sons and daughters, by one or more wives, or by one or more husbands	Eldest son
Sons and daughters by one or more wives (or husbands), and grandchildren	Eldest son, or eldest son of such eldest son, and so on <i>ad infinitum</i> , if the chain of succession is incomplete. The second son and his male descendants come in when the eldest son and his descendants fail. And so on with the rest. The daughters and their issue do not inherit until the issue of their brothers is completely exhausted
Daughters, by one or more wives (or husbands)	Equally amongst them. If any daughter has predeceased the intestate, her share goes to her issue, if any, the whole of it to her eldest son, and, failing him, equally amongst her daughters
Husband and sons	Eldest son
Husband and daughters	Equally amongst daughters
Husband, sons, and daughters	Eldest son
Husband and grandchildren (sons and daughters of deceased children)	Eldest son of eldest son
Husband and grandchildren (daughters of an only daughter)	Equally amongst the grandchildren

If the Intestate leaves only—	The Freehold Property goes to—
No wife or descendants	Lineal ancestor on father's side
Father mother brothers and sisters	Father
Mother no heirs on father's side	Mother
Mother brothers and sisters	Eldest brother
Mother and sisters	Sisters equally as co-purchasers
Nephews and nieces by brothers and sisters	Eldest son of eldest brother
Nephews and nieces by sisters	Eldest son of any sister will take sister's share even though he has sisters of his own The daughters of any sister if they have no brothers will take their mother's share equally as co-purchasers
Cousins	The eldest son of the eldest brother of the intestate's father Otherwise the heirship is discovered as in the previous examples

As regards the devolution of personal property on intestacy see DISTRIBUTION STATUTE.

**INTIMIDATION**—This is an offence which consists in wrongfully putting a person in fear in order to compel him to do or to abstain from doing a certain thing which he has the right either to abstain from doing, or to do. It is not really necessary that there should be any actual physical violence offered but the person intimidated must be put into fear of bodily harm by means of coercion threats menaces duress etc. Similar acts threatened towards the wife or child of a person may be intimidation. Any contract entered into through means which do not leave one of the parties a free mind is absolutely void.

Intimidation is also a criminal offence under the Conspiracy and Protection of Property Act 1875 and a person convicted of the offence is liable to a penalty of £20 or three months' hard labour.

**IN TRANSITU**—This is a Latin phrase which signifies in course of transmission or on the way (See STOPPAGE IN TRANSITU).

**INTRA VIRES**—A Latin phrase signifying within the powers. The expression is generally met with in connection with corporate bodies whose powers are strictly confined within the limits prescribed by their charter of incorporation or the document which establishes them e.g. the memorandum and articles of association of a joint stock company. Any act done *intra vires* is legal, an act done beyond the powers conferred is said to be *ultra vires* (*qv*) and is null and void.

**INTRINSIC VALUE**—This is a phrase very frequently met with but which has in reality no meaning whatever. The value of anything is what it can be exchanged for and if it cannot be exchanged for anything it has no value. An article may have an intrinsic virtue which is a totally distinct thing. Money is frequently said to have an intrinsic value i.e. a value within itself. But in any country or place where there are no inhabitants money could not be exchanged for anything, and in such a case it would be absolutely without value.

**INVENTORY**—This is the name given to a list of goods furniture stock etc. found upon certain premises. If a furnished house is let a list is always drawn up of the goods which are in the house and two copies are invariably made for the sake of comparison at the end of the tenancy. When a distress is levied an inventory is always made of the goods or chattel which are seized. Again an

inventory is always required to be attached to such documents as bills of sale hire purchase agreements marriage settlements etc. Lastly it is the duty of an executor or administrator to make a complete inventory of all the goods chattels wares and merchandise of his deceased testator or intestate.

**INVESTMENT**—Money which is put out at interest in some fund or company or which is laid out in the purchase of land houses or other property.

**INVOICE**—An invoice is a written statement giving particulars of the quantity weight price description etc. of the goods sold or consigned to another person. Every commercial house has its printed or engraved form of invoice into which the details are filled when the invoice is made out. An invoice is usually despatched on the same day as the goods are forwarded and should contain particulars of the route carrier railway company or vessel and state whether carriage paid or forward. The terms of payment and discount should be also noted on the invoice.

The following is a specimen of an ordinary invoice such as would pass between one firm and another in this country—

Telegrams  
Carbondon London 25 Queen Victoria Street  
" London E.C.  
31st May 19

Messrs BROWNING & SHAW LIMITED  
20 Moorgate Street E.C.

To the CARLTON PAPER PULP CO. LTD Dr  
Terms Monthly

13 B/s	20 Rms SSSC				
	Printing 304 x				
	44 1/2 516/50 lbs	13 1/2			
			17 1/2		
				17 1/2	16 4/2
	per L & N W Rly Co.				
	to S Thompson & Co				
	Birmingham				
	Carr Paid				

An invoice sent on the same day as the goods fills the office of an advice note and should be checked by the consignee immediately the goods come to hand.

A *pro forma* invoice that is an invoice made out for form's sake is sometimes sent when an order

is received from a new customer who has not supplied the customary trade references. This is understood as an intimation that the goods will be dispatched immediately the invoice is paid. A *pro forma* invoice is also used to indicate to a merchant the probable cost of goods enquired for, including carriage and all other charges.

Foreign or export invoices usually differ in form from Inland Invoices, as will be seen by the following example—

INVOICE of goods shipped by WATSON BROS., Manchester, to Messrs. Gourka & Co., Calcutta, per ss *Empress*

31st May, 19

CC 199 Calcutta	24 pcs 261" Artificial Silk	£	s	d
	C/1164 1,113 yards @ 7½	35	18	10
	6/48, 5/47, 6/46½, 5/45, 2/43			
	2½ % discount	17	11	
		35	0	11
1 Case	Charges			
	Packing	15	6	
	Carriage to Liverpool and freight to Calcutta, 18 ft 6 in @ 25/- and 10 %	12	9	
	Insurance on £40 @ 15/- and stamp	6	3	1 14 6
		36	15	5
	Commission 2½ %		18	5
		£37	13	10

There are various kinds of foreign invoices named according to whether the charges are included in the price of the goods or whether they are charged separately on the invoice. The foregoing example is known as a *Loco* invoice, because it gives the local cost of the goods, the additional charges to be paid by purchasers being added.

The other forms of foreign invoices may be briefly enumerated as follows—

**F. A. S.** A Free Alongside Invoice covers the cost of the goods and all charges up to their being placed alongside the ship.

**F. O. B.** (Free on Board) The price of the goods in this Invoice includes all charges until the goods are placed on board ship.

**C and F.** (Cost and Freight) All charges, except insurance, up to the time of goods reaching port of destination, are in this case included.

**C. I. F.** This is the same as C and F., with insurance added.

**Franco Invoice.** All charges until the goods reach the door of the purchaser are included in this invoice.

Franco invoices are generally made out in the currency of the country to which the goods are being consigned.

**IODINE.**—A chemical, non-metallic element, at one time prepared by boiling kelp or seaweed ash, in order to extract the iodide deposited by the sea water. On further treatment with sulphuric acid and manganese dioxide, the iodine distilled over, and was condensed in earthenware receivers. Iodine is now prepared chiefly from the iodate of sodium, which is associated with nitrate of sodium in native Chilean saltpetre. In its purest state it is a black, crystalline solid, soluble in alcohol and more so in chloroform, the solutions being brown and violet

respectively. It has a peculiar odour and a bitter taste. It is useful in medicine as an external remedy, and is much used in photography and in the preparation of aniline dyes.

**I. O. U.**—A memorandum of debt, a convenient way of writing "I owe you." It is in no sense a negotiable instrument, but a simple acknowledgment of a debt. For all practical purposes, however, it is as valuable as a negotiable instrument, when there is a question of suing for a debt which has been created between the parties to it.

This kind of acknowledgment is extremely common, and its form is quite stereotyped. It is usually met with as follows—

London, January 1st, 1912

To Mr. Alfred Thompson

I O U. £100

John Jones

The amount is frequently inserted in words as well as in figures.

When there is a debt existing or alleged to exist between parties, and the debt is affirmed on one side and denied on the other, the evidence of the plaintiff, other things being equal, is of the same weight as that of the defendant, and since the plaintiff must prove his case, he runs the risk of being non-suited in the absence of corroboration. The existence of any documentary evidence then becomes valuable. In an action to recover money lent, the production of an I O U by the plaintiff, signed by the defendant, is evidence of an account stated (*q v*) between the parties, though not of the amount of money lent. A defendant may give evidence as to the amount if he chooses, but he is hardly likely to be credited with such a document, proved to be in his own handwriting or bearing his signature, confronting him.

As the I O U is merely evidence of a debt, it does not require any stamp. And it is not advisable that it should be worded any differently from the above example.

If words are added making a promise of payment at a particular time, it might be construed as a promissory note. It could then not be given in evidence at all, as a promissory note must be stamped before it is made. And, in addition, the inclusion of certain other words might convert it into an agreement, and when the amount for which the acknowledgment is given exceeds £5, an agreement stamp would be necessary. There is less difficulty, however, if the instrument is held to be an agreement rather than a promissory note. An agreement may always be stamped after its execution up to fourteen days, with an ordinary agreement stamp, and afterwards upon payment of the prescribed penalty. A promissory note can never be stamped after the date of its issue.

The names of the creditor and the debtor should always appear. This will prevent difficulties. If the name of the debtor alone appears, there will be a *prima facie* presumption that there is an indebtedness on his part to the person who produces the I O U. This presumption, however, is capable of being rebutted, and it is always open to the debtor to show that he was never indebted to the holder, but that the latter has obtained the document from the real creditor. If that is so, and the debt has not been legally assigned (see ASSIGNMENT OF DEBT), the holder cannot succeed in his action.

**IPECACUANHA.**—The *Cephaelis Ipecacuanha*, a native of Brazil, and now cultivated in India and Ceylon. It is valuable for its brownish root, which

is much used in medicine either as a powder or a wine particularly for dysentery asthma and croup. The active principles are emetine and cephaeline. The name is a Brazilian word referring to the plant's properties as an emetic. The imports come mainly from Rio Janeiro and Buenos Ayres.

**IRELAND**—Position, Area, and Population. Ireland lies to the west of Great Britain. It is separated from Scotland by the North Channel from England by the Irish Sea and from Wales by the St. George's Channel. To the west stretches the Atlantic the narrowest part of which between St. John's Newfoundland and Valentia Island is little more than 1,600 miles.

It has an area of 32,583 square miles and a population of 4,375,468 (December 1911).

The easternmost point in the peninsula of Ards is in  $54^{\circ} 14' N$  longitude due north of the westernmost point of Wales. The furthest point west is  $10^{\circ} 14' W$  longitude stands further out into the Atlantic than any portion of the continent of Europe. Coruña in Spain lying due south of Cork. Malin Head in the north is  $55^{\circ} 14' N$  latitude while the furthest point south is  $51^{\circ} 30' N$  latitude due west of London.

Lying betwixt the most important parts of Great Britain and North America the quickest routes connecting these pass through Ireland to Queenstown in Cork Harbour. From London and the south the most direct route is via Fishguard in Pembrokeshire and Rosslare in County Wexford. This is a comparatively new route and much traffic still goes via Holyhead and Dublin which is the most direct for the Midlands. From Scotland the shortest route lies through Stranraer and Port Patrick in Wigtownshire to Larne in Antrim. Steamers for Canada from the Mersey and the Clyde pass round the north of Ireland and for the mail port: Moville on Lough Foyle. For the Canadian ports especially those on the St. Lawrence Gully on the west coast offers considerable advantages and proposals have been made for converting it into a port for American traffic. This would shorten not only the sea voyage but also the railway journey the present mail route between Dublin and Cork being very circuitous.

**Surface.** Much of Ireland is plain the Central Plain being the largest stretch of lowland in the British Isles. The mountains are generally near the coast so that there is some fine coast scenery as where at Slieve League in Donegal the cliffs rise sheer to a height of 1,900 feet above the sea.

The highest point in the country is in the Kerry mountains of the south west where Carraun in Macgillycuddy's Reeks is 3,422 feet high or rather less than Snowdon. Most of the mountains however are more like the hills of Devon and Cornwall than the mountains of North Wales.

The finest harbours round the coast are those of the west those of the east which are the important ones being generally poor.

Much of the surface of Ireland is composed of limestone a rock that is quickly acted on by water so that large depressions are formed giving rise to numerous lakes. The effects of the ice age are seen in the number of lakes formed by the blocking of river valleys by moraine or heaps of drift left by the glaciers and in the sheets of boulder clay in the lowlands which by preventing the downward draining of water give rise to bogs. The largest of these bogs is the Bog of Allen lying chiefly in Queen's County and Kildare. It is an area

of which have been drained. The bogs among the mountains are of the type usually found in such districts. The presence of so much bogland in Ireland is possibly due as much to historical as to geographical causes. In most of the countries of western Europe most notably of course in the Netherlands and in the Fens of Eastern England areas of such wasteland have been brought into cultivation a process which the perpetually disturbed state of Ireland in the past rendered impossible.

**Rivers, Canals, and Lakes.** The largest of the Irish rivers is the Shannon which rising in Ulster flows southward to Limerick and then westward to the sea. Lough Allen near its source is 167 feet above the sea and Killaloe at the southern end of Lough Derg 117 feet a drop of about 50 feet in 115 miles. Throughout this distance the river is navigable and flows through flat country which with its tributaries it frequently floods. Below Killaloe it drops nearly 100 feet in 17 miles by fall and rapids which cut off communication with the sea.

All the other large rivers are navigable from the sea and have ports at their mouths. Many of them too are on account of the low watersheds between them connected by canal. The total length of the Irish Canals is 848 miles of which 90 miles are controlled by railways. The principal are—

*The Royal Canal* 93 miles long from Dublin north of the Liffey via Maynooth to the Shannon with a branch to Louisa.

*The Grand Canal* 160 miles long from Dublin south of the Liffey via Philipstown and Tullamore to the Shannon across which it passes to Ballinascloe. A branch from this connects with Athlone on the Barrow.

*The Erne and Shannon Canal* from Leitrim on the Shannon to the Upper Lake.

Besides the Shannon lakes there are the lakes of the Erne—Lough Erne and Upper Lough Erne which together make up half the length of the river. The western peninsula of Connaught is marked off by a line of lakes. Lough Corrib draining to the north and Loughs Carra Mask and Corrib to the south the last being in direct communication with the sea. The rectangular Lough Neagh 56 feet deep with an area of 152 square miles forms part of the river Bann and is the largest lake in the British Isles.

**Climate and Vegetation.** Lying in the track of the prevailing westerly and south westerly winds and immediately bordering the ocean over which they blow Ireland has an oceanic climate mild equable and damp. On parts of the western coast the difference between the mean temperatures for the warmest and coolest months is barely 14 F. The number of rainy and cloudy days is also large. The east coast has warmer summer cooler winters and less rain. Some of the most favoured parts of the country lie to the east of the mountains and are therefore sheltered from excessive rain. Such are parts of the Golden Vale sheltered by the mountains of Kerry and the coast strip of County Wicklow where Bray enjoys much drier climate than most Irish towns.

The mildness of the climate during winter has an important economic result for the grass continues to grow then so that it is suitable for cattle all the year while in England especially in the east roots for winter food are necessary.

The chief cereal grown is oats, for which the climate is specially suitable, over 50,000,000 bushels being produced annually. Next comes barley with 7,000,000 or 8,000,000 bushels, and then wheat with about 1,500,000. There are but few spots where wheat will ripen, but here, as in Scotland, the average yield per acre is higher than in England, and much higher than in Wales.

Despite the great difference in population, the area under potatoes is larger than in Great Britain. The yield per acre is less, however, as is also the total crop. Hay is another important crop, yielding about two-thirds the quantity that England produces. Flax is grown in the British Isles almost exclusively in the north-eastern section of Ireland where about 40,000 acres are devoted to it.

**Animals.** There are about 4,750,000 of cattle, 4,000,000 sheep, 1,250,000 pigs, and 500,000 horses kept throughout the country.

**Fisheries.** Sea fishing is not pursued on a large scale in Ireland as in England and Scotland, the catch being taken almost solely to supply local or individual needs. Of 22,559 sailing boats in the United Kingdom engaged in fishing in 1909, Ireland contributed 6,451, while of 2,937 steam boats only 27 were Irish, at the same time, Ireland contributed 23,042 men and boys out of a total of 104,341 for the whole Kingdom. But while the total value of the fish landed in 1910 was £11,342,660, the Irish portion was returned at only £287,217.

**Minerals.** The most valuable mineral worked in Ireland is building stone of various kinds, the principal varieties being granite from Wicklow, Donegal, Galway, and Newry, and marble. There are several varieties of the latter, black being found in Galway, red in Cork, and green in Connemara.

Coal is mined to the extent of a little over 100,000 tons per annum, the principal deposits being the anthracite near Castlecomer, on the borders of Queen's County and Kilkenny. In the north there are small deposits of soft coal in Leitrim, Tyrone and Antrim.

Iron is mined in Antrim and, to a small extent, in Donegal. Lead, silver, copper, zinc and gold are all found in small quantities among the hills, especially those of Wicklow, but there is no regular output. Antrim has beds of rock salt in the south, and also deposits of bauxite, the only ore of aluminium found in the United Kingdom.

**Industries and Occupation.** The numbers engaged in various occupations, in the Census of 1901, were as follows—

	Male	Female	Total
Professional Class	98,361	32,674	131,035
Domestic	26,087	193,331	219,418
Commercial	92,863	5,026	97,889
Agricultural	790,475	85,587	876,062
Industrial	406,157	233,256	639,413
Indefinite and non-productive	786,097	1,708,861	2,494,958
Total	2,200,040	2,258,735	4,458,775

**Divisions and Commercial Centres.** Ireland has been divided into four provinces—Ulster in the north, Leinster in the east, Connaught in the west, Munster in the south-west—from the earliest times.

The first half of the course of the Shannon forms the boundary between Connaught and Leinster, then for a short distance that between Connaught and Munster, in which the whole of its lower course lies.

Except where, in the north-east, the linen manufacture is carried on, nearly all the towns of Ireland are merely market towns, the centres of agricultural districts. Kilkenny, the largest of these latter, has a population of about 16,000, but the majority have only 5,000 or less.

**ULSTER.** The counties of Ulster are; Donegal, Londonderry, Antrim, in the north; Fermanagh, Cavan, Monaghan, Armagh, Down, in the south; and Tyrone in the centre.

**Belfast** (385,500), 100 miles north of Dublin, lies on the Lagan, at the head of Belfast Lough. It is the largest town in the country, and the chief industrial and commercial centre, many of the outlying industries having their offices here. It is connected by boat with all the principal ports on the west of Britain, with London and Leith on the east, and with Rotterdam. Its distance from Fleetwood is 118 miles. The leading industry is shipbuilding, in which about 28,000 men and boys are engaged. Harland and Wolf, on Queen's Island, the makers of some of the largest ships in the world, are the leading firm. The industry depends largely on the coal from Scotland and Cumberland, and the iron and steel of Barrow.

The linen industry, which employs nearly as many persons, is the second in importance, and owes its existence to the growth of flax in the neighbourhood, the situation near the sea, and the quality of the water of the Lagan for bleaching and dyeing.

There are large factories for the preparation of bacon and ham. Eight thousand persons are employed in printing, bookbinding and kindred occupations, and about 5,000 in the distilleries. Much machinery also is made, for use in the various industries. Of the smaller industries, tobacco is the most important, others being flour milling, tanning and the manufacture of leather goods, and biscuit making.

**Londonderry** (43,000), on the Foyle, has large distilleries, and an extensive underclothing industry, 5,000 persons being occupied in the shirt trade alone.

**Coleraine** (7,000), near the mouth of the Bann, is a linen town, making principally shirts, collars, and cuffs. It also has some distilleries, and makes agricultural implements.

**Carrickfergus** (4,200), on the north side of Belfast Lough, about 10 miles from Belfast, is engaged principally in the bleaching and dyeing trades. It also deals in salt, which is found in the neighbourhood.

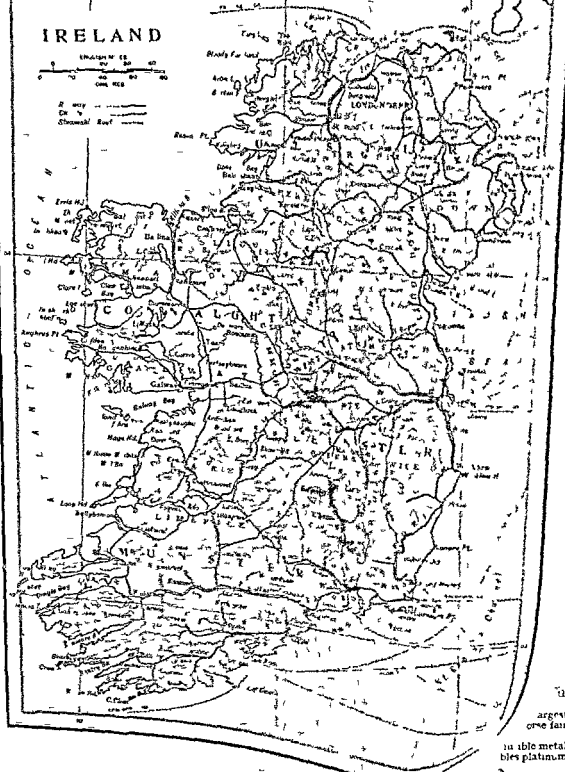
**Lisburn** (12,172) on the Lagan, above Belfast, is also engaged in bleaching and dyeing, and has large boot and shoe factories.

**Lurgan** (12,138) near the south-eastern corner of Lough Neagh, makes handkerchiefs principally. In the surrounding districts, lace, embroidery and other hand industries are carried on in the homes of the workers, and for these it is the collecting and distributing centre.

**Portadown** (11,720) to the south-west, has similar industries, and prepares peat moss litter.

**Newry** (12,000) on a small stream entering Carlingford Lough, is engaged largely in the spinning and weaving of flax, while granite in the neighbouring hills is extensively quarried and worked.

A very good example  
 of a  
 Stomach! But



largest  
one fair

uable metal  
bles platinum



**Larne** (7 000) which ships large quantities of dairy produce has some textile factories and deals with the iron and aluminium ores found in the neighbourhood. It is 39 miles or 1½ hours from Stranraer in Scotland.

**Ennistullen** (5 500) on the Erne is a market town and local agricultural centre.

**Dungannon** (3 700) in Tyrone has coal at hand but is principally an agricultural centre with a small linen industry.

**LEINSTER** Although containing the Bog of Allen Leinster contains some of the most fertile tracts in Ireland notably the basin of the Boyne originally the Kingdom of Meath and the valleys of the Barrow, Nore and Slaney. Its counties are Leath Dublin Meath Westmeath Wicklow Kildare King's County Carlow Queen's County Wexford and Kilkenny.

**Dublin** (City 309 272 Registration Area 403 030) on the Liffey where it enters Dublin Bay became important when the English began the systematic conquest of the country. Lying in the middle of the east coast opposite that part of the Welsh coast most accessible to London it is the only centre from which the country as a whole has ever been governed largely owing to the easily crossed lowland behind it. The principal industries connected with it are brewing and distilling. Ship building is also carried on and there are some textile and leather manufactures. Beside these cattle pigs horses and dairy produce are shipped largely to English ports.

**Kingstown** (17 000) on the south side of the Bay is another port and watering place. Its distance from Holyhead is 57 miles which is covered in about 3½ hours.

**Droghda** (13 000) lying on both sides of the Foyne near its mouth exports the agricultural and dairy produce of Meath and has some linen manufactures as well as breweries.

**Dundalk** (13 500) on the shallow Dundalk Bay makes iron goods. There are engineering and coal h building works distilleries and bacon of the sur ham curing establishments. The centre of the surrounding agricultural region it trades principally with Liverpool and Bristol.

**Kilkenny** (15 500) on the Nore is the centre of the agricultural region along the banks of that river. It manufactures blankets and linen goods and has a growing cabinet making industry.

**Bray** (7 500) on the coast of Wick about 13 miles from Dublin has on account of the protection from the Atlantic rain winds afforded by the mountains behind it the driest climate in Ireland and is its leading watering place.

**Wexford** (12 000) on Wexford Harbour at the mouth of the Slaney exports the produce of the valley. It has iron works and an engineering shop as well as where agricultural machinery is made as well as breweries and distilleries. Its harbour deep enough for small steamers and fishing boats is too shallow for the cross channel traffic to Queenstown and so for the cross channel traffic has become important.

**Portlaoine** on the coast has become important. It is 51 miles between Lismore and Fishguard in Wales are crossed in 2½ hours.

**Ennis** (11 500) further up the Slaney has bacon-curing factories and breweries.

**New Ross** (6 000) on the Slaney is a market town and an agricultural centre.

**Malbeg** (2 200) though only a small coastal town south of the mouth of the Boyne has a wide reputation for hosiery underclothing and linen.

**MUNSTER** As the most westerly portion of the British Isles has the first and last place of call for American ships and is the starting place—from Valentia Island—of the Atlantic cables. Its counties are Clare Tipperary Kerry Limerick Waterford and Cork.

**Cork** (76 639) is on the Lee some distance above its mouth. It is the chief town in the province and the largest exporter of cattle butter eggs and other dairy produce in Ireland. It makes butter and besides distillers' breweries and tanneries it has several margarine factories.

**Queenstown** (3 000) on Great Island in Cork Harbour is a watering place and the port for American mails. Its distance from New York is 2 762 miles. The journey from London takes about 14½ hours by the Holyhead route and 14 hours via Fishguard.

**Limerick** (38 400) on the south side of the Shannon is the outlet for the produce of the Golden Vale which lies behind it. The principal trade is in dairy produce ham and bacon being cured in the town. It has a large cattle market and manufactures of lac tobacco and snuff.

**Waterford** (27 430) is on the Suir and a seaport although 30 miles from the sea. It is the centre of trade for the valleys of the Suir Barrow and the Nore and exports the produce of these valleys first to Glasgow Liverpool Bristol Falmouth and London. Like most other Irish towns it has breweries and distilleries.

**Clonmel** (10 000) on the Suir. **Tipperary** (6 000) and **Cashel** (3 000) are in the main the market towns of agricultural regions.

**Carraig on Suir** (5 000) is an agricultural centre with small lace and hosiery industries.

**Kilmarney** (7 000) the centre for tourists visiting the Lakes also has lace and hosiery industries as well as a boot and shoe factory which has recently been started.

**Tralee** (10 000) at the head of Tralee Bay is an agricultural centre making butter and bacon. It is a centre too of the Irish cloth industry.

**Ennis** (5 000) in Clare is the agricultural centre of the county.

**Berehaven** in Bantry Bay sheltered by Bere Island is a naval station.

**CONNAUGHT** The western part of Connaught beyond the line of lakes is the furthest removed in every way from Britain and any part of Ireland especially in the rocky lands off the coast where the most arduous and primitive forms of living prevail. Its counties are Mayo Sligo Leitrim Galway and Roscommon.

**Galway** (13 950) on Galway Bay at the outlet of Lough Corrib although not nearly so prosperous as in olden days is now increasing in importance. The neighbourhood supplies marble and granite which are quarried and carried off for export. There is a considerable woollen industry both cloth and manufacture.

**Sligo** (11 163) on an arm of Sligo Bay has started the manufacture of underclothing and ready made clothes. It has a mill or mills and tobacco factories. It is in direct steamboat communication with Liverpool and Glasgow.

**Ballyvaughan** (5 000) on the Suck the largest inland town of the province has a yearly horse fair of considerable importance.

**IEIDLIN**—A hard white brittle infusible metal found in the Lral Mountains. It resembles



(qv), and generally occurs with that metal. Alloyed with osmium it is employed for pen nibs, for the wearing points of scientific instruments, etc. As it is infusible, iridium is also used in certain cases for crucibles and other apparatus capable of withstanding high temperatures.

**IRISH BANKING.**—The Bank of Ireland was established in 1793, with privileges similar to those of the Bank of England, so far as Ireland was concerned, and Irish banking may be said to date from this year. By the Act establishing the Bank of Ireland, no other banks could be formed consisting of more than six partners. This restriction was not considered to be an unqualified benefit, for it was stated that "if the trade of banking had been left as free in Ireland as in Scotland, the want of paper money that would have arisen with the progress of trade would in all probability have been supplied by joint stock companies, supported with large capital and governed by wise and effectual rules." The restriction was partially removed in 1821, and in 1825 an Act was passed which enabled joint stock banks to be formed, provided they were not set up within 50 miles of Dublin. All restrictions were removed in 1845.

The privilege of joint stock banking was granted to the Bank of Ireland on the understanding that its capital should be lent to the Government. The amount of the capital was £600,000 in Irish money, but subsequent loans to the Government raised the total to £2,850,000 of Irish currency, which was equal to £2,630,769 4s 8d in English money. The capital has never been repaid, but interest is allowed upon it to the extent of 2½ per cent.

No banks established in Ireland since 1845 have a right to issue notes, and since 1845 the Bank of Ireland has been limited as to its issue in the same way as the Bank of England. Beyond the amount of the Government security, it can only issue notes against a reserve of gold, though its issue may be increased if any of the existing banks surrenders any amount of its issue. As in Scotland, bank notes are issued for £1. A return of the note circulation is published weekly in the same manner as the Bank Return is made in England. Irish bank notes are not legal tender except in payment of the public revenue of Ireland. It must not be forgotten that the Bank of Ireland is a semi-government institution, and that it keeps the Government Account in Ireland.

Irish banking has one distinctive feature, viz., the system of discounting bills for small amounts. Although advances are made on bills and promissory notes for £1 to £20, a loss upon such transactions is practically unknown.

**IRISH MOSS.**—(See CARRAGEN.)

**IRON.**—The most widely distributed of all metals. It is extracted chiefly from its ores, of which the most important is the red oxide, known as hematite (qv), the principal varieties being red hematite, procured chiefly from the United States and the North of England, and brown hematite, which abounds in France, Germany, Spain, Sweden, and Canada, and is also found in Ireland and Northamptonshire. The purest brown hematite comes from Spain, and is valuable for the manufacture of steel. Red ochre is an impure form of hematite, while another variety has a bright metallic lustre capable of reflecting light, and is used for so-called specular iron. Limonite somewhat resembles brown hematite. It is largely found in bogs, hence the name bog iron ore. Even in its impure state, it is

sometimes used as an ore for manufacturing purposes. Earthy limonite is the source of the yellow ochre pigment. Magnetite is another important oxide of iron. It is found principally in the United States, Sweden, and India. One variety, known as lodestone, is a true magnet. Franklinite resembles magnetite, but is worked for the zinc and manganese it contains rather than for the iron. In the same way iron pyrites is used almost exclusively in the preparation of sulphur and sulphuric acid, while yellow and green chrome pigments are the principal products obtained from chromite or chromic iron ore. Spathic iron ore is the pure carbonate of iron, and clay ironstone is an impure carbonate producing iron of inferior quality. Iron is prepared from its ores by smelting in blast furnaces. The processes vary according to the nature of the ore, an impure variety, known as pig iron, containing a large percentage of carbon, being usually obtained first. This is afterwards used as the basis of the higher grades, such as wrought iron, cast iron, steel, etc. Pure iron is a white, tenacious metal, ductile, but very difficult of fusion. The uses of iron are too numerous to mention. In addition to its employment in machinery, bridge construction, shipbuilding, etc., it is used in medicine as a tonic in cases of general debility. It is a constituent of many natural mineral waters which owe their value to its presence, and its numerous compounds are of great importance in chemistry, medicine, and in various industries. Until the last decade of the nineteenth century, Great Britain produced more pig iron than any other country in the world, but the United States now heads the list, while Germany is second.

**IRON WARRANTS.**—Iron warrants, or warrants for iron, differ from warrants for other goods, since, by the custom of the iron trade, an indorsee of the warrant obtains the goods free from any vendor's claim for purchase money. In the case of the *Merchant Banking Company of London v Phoenix Bessemer Steel Company* (1877, 5 Ch D 205), it was held that a bank which had taken iron warrants as security was entitled to delivery of the iron, although the original purchaser had not paid for the iron. (See DOCK WARRANT.)

**IRONWOOD.**—The timber obtained from various sorts of trees, so-called on account of its hardness. Among the trees yielding ironwood are the American *Ostrya virginica*, the South African *Olea laurifolia* and *Vepris undulata*, the latter yielding a timber known as white ironwood. The East Indian variety is the *Metrosideros vera*, a species of myrtle, for which there is great demand in China and Japan. All sorts of ironwood are much used for agricultural purposes, e.g., in the construction of ploughs, axles, etc.

**IRREDEEMABLE.**—An irredeemable stock is one where no obligation exists on the part of the issuer to redeem or pay back the money invested.

**IRREDEEMABLE DEBENTURE.**—This is a debenture in which no provision is made for the repayment of the principal money. It is somewhat like a perpetual annuity—the interest is paid, but the capital remains invested. However, if the company issuing the debenture goes into liquidation, the holder is entitled to come in and have his money repaid to him, so far at least as there are assets to meet the same.

**ISINGLASS.**—A gelatinous product, originally prepared only from the swimming bladder of the sturgeon, but now obtained from several other fish, including the cod. It is used for culinary purposes,

**g** in the making of jellies and confectionery and for manufacturing purposes **g** for fining wines and beers for imparting a lustre to silk and as the basis of diamond cement and of various glues. A large trade is done in singlass by Russia, Brazil, the United States, Canada, and the East Indies.

**ISSUE OF BILL.**—Until a bill of exchange is issued there is no liability attaching to any person connected with the instrument. The following Sections of the Bills of Exchange Act 1882 are consequently important.

By a part of Section 9 the issue of a bill is defined as

the first delivery of a bill or note complete in form to a person who takes it as a holder. By Section 9 (s. 3) it is provided—

Where a bill is expressed to be payable with interest unless the instrument otherwise provides interest runs from the date of the bill and if the bill is undated from the issue thereof. And Section 12 says—

Where a bill expressed to be payable at a fixed period after date is issued undated or where the acceptance of a bill payable at a fixed period after sight is undated any holder may insert therein the true date of issue or acceptance and the bill shall be payable accordingly.

For stamp purposes no bill of exchange or promissory note may be stamped with an impressed stamp after the execution thereof. This is provided for by the Stamp Act 1891 (Sec. 37).

**ISSUE OF CHEQUE.**—Since the main rules applicable to bills of exchange are also applicable to cheques the preceding article gives the whole law connected with the issue of a cheque.

**ISSUE PRICE.**—The price at which stock or shares are issued to the public.

**ISSUED CAPITAL.**—This indicates that portion of the nominal or authorized capital of a company which has been issued by the directors and has been taken up or subscribed for by the shareholders. The issued capital may be either fully paid up or only partly paid up. In the latter case the remaining part of the capital is known as the *unissued capital* (See **CAPITAL**).

**ISTLE.**—A strong flexible fibre used in the manufacture of brushes. It is obtained from a species of agave growing in Mexico.

**ITALY.**—Position, Area and Population. Italy is the middle of the three great peninsulas of Southern Europe and with the island of Sicily divides the Mediterranean into two parts.

This central position in the Mediterranean made it a place of great importance in ancient times while its connection with the Continent of Europe on the one hand and the Suez Canal on the other increase its importance now. The direct route from London to the entrance of the Suez passes through it.

It extends from latitude 47½ to 38° N. and from 6½° E. longitude to 18½°. The country is long and narrow, no part being more than 62 miles from the sea and is divided into the continental and peninsular portions to which must be added the insular portion consisting of Sicily, Sardinia, and a number of less important islands. The total area is 110,659 square miles and the population 34,269,764.

Except Italy on the whole is mountainous, only one-third being plain. The largest level area is the Plain of Lombardy. On the north the country is enclosed by the Alps, which while forming

a barrier are cut into by deep valleys which afford many routes to the surrounding countries. They sweep round in a great curve in the west and are joined by the Apennines which run right through the peninsula and are continued in the island of Sicily. At the northern end the Apennines run in an easterly direction until they cross the 44th parallel from the southern boundary of the Plain of Lombardy. Here they are quite close to the east coast but afterward pass through the centre to the west and so through the toe of Italy.

From the foot of the Alps in the west the Plain of Lombardy slopes gradually down to the Adriatic where large rivers formed of the melt brought down by the rivers are so low that they have to be artificially drained. The only hills on this plain are those of Monteferrato near Turin, the Colli Euganei near Padua, and the Monti Berici near Vicenza.

Much of the coast is high and rocky, with many fine harbours except on the west from the Arno southward almost as far as Gaeta, and around the head of the Adriatic where the lowness of the shore makes it difficult to approach.

**Rivers.** The largest of the Italian rivers is the Po which with its tributary the Dora Riparia forms an almost due east and west line from the French frontier to the Adriatic Sea. From the north it receives many tributaries from the Alps and from the south many from the Apennines. Those from the Alps have cut deep valleys which lead to the passes over the mountains, the Dora Riparia, Dora Baltea, Sesia, Fiume Adda, Adige, Tagliamento leading to the Mt. Cenis, St. Bernard, Simplon, St. Gotthard, Splügen, Maloja, and Brenner passes respectively. Where these rivers leave the mountains for the plain they in some cases form long narrow lakes known for their beautiful scenery. The largest of them are Maggiore, Lugano, Como, and Garda. These lakes form reservoirs for the rivers flowing from them and regulate their flow when the melting snows of the Alps would otherwise cause floods.

**Climate.** The climate of Italy is typically Mediterranean in the south, warm with winter rains and summer drought. In the north the winters are more severe and the rainfall greater and more evenly distributed throughout the year. In Turin the mean monthly temperature ranges from freezing to 74° F. and in Naples from 46° to 77°. But while at Turin the rainfall is well distributed through the year, at Naples it varies from less than 1 in in July to 5 in in November. In the north the annual rainfall averages 40 in, decreasing southward to 27 in. One effect of this distribution of rainfall and temperature together with the fact that the Apennines are not high enough to be above the line of perpetual snow is that while the Po and its tributaries in the north always have a good supply of water from the melting of the snow of the Alps and from the rain, the rivers of the south are filled in the rainy season but are almost dry in the summer. This seasonal difference in volume has been further accentuated by the cutting down of the forests which results in the rain draining quickly off the ground when otherwise it would run away more slowly.

**Malaria.** One of the drawbacks of most Mediterranean countries is the presence of malaria which is so prevalent in many parts of Italy, that whole districts are rendered uninhabitable despite the fertility of the soil. Practically the whole of the southern portion of the peninsula is subject

to it, the affected area extending on the west coast as far north as the island of Elba, together with Sicily and Sardinia. Small portions of the northern plain are also affected, especially on the marshes to the north of the Po delta. The worst parts are the Maremma in Tuscany, the Campagna of Rome, with the Pontine Marshes further south, and the north western shores of the Gulf of Taranto. Now that the part played by the mosquito in the spreading of the disease is known, it is being effectually dealt with by the draining of the marshes where the insect breeds.

**The People.** The people of Italy are of very mixed origin, yet, unlike the peoples of some other European countries, they have one language. The main exceptions are about 120,000 in the western Alps, who speak French, and about 500,000 Friaulians in the east, who retain their own language. The foreign population of Italy is about 1 per cent of the whole, while 5 per cent of the Italians live abroad.

The mixture of races that exists in Italy is largely the result of the variety of people attracted to the country in the time when Rome ruled the world and perhaps to the foreign slaves introduced. In the north, there is a large proportion of fair people on account of the mixture of Teutonic races. In the south, darker types predominate, with the admixture of Arab and other southern bloods.

**Vegetation and Agriculture.** The forest trees are generally of the evergreen type. Evergreen oaks, the cypress, and the Aleppo pine are found throughout the Mediterranean region. In Sicily the chestnut grows at a height of from 2,000 to 3,000 ft and the beech at close upon 6,000 ft. The olive grows throughout the country, including the sheltered lower Alpine valleys, except in the Plain of Lombardy, where the winters are too severe.

The lack of useful minerals, especially coal, causes its people to rely on agriculture, for which the country is well adapted on account of the fertility of the soil. The lack of rainfall, however, particularly in the south, is a serious drawback, and renders irrigation necessary. Such is the fertility of the soil, that as many as ten crops of grass are reaped in a year in some of the irrigated fields.

The chief grain raised is wheat. That grown in Apulia, the south eastern province that terminates in the "heel" of Italy, is famous, as on account of its hardness it is specially suited for the making of macaroni. The next grain of importance is maize, which forms the principal food of a large part of the population. Much of that which is grown, however, is exported and inferior kinds are imported. In the irrigated lands of the northern plain, in Piedmont, Lombardy and Venetia, rice is grown to a very considerable extent. The vine is grown throughout the country, but the wine derived from it is not generally well made, and does not improve with age. The kinds best known are Chianti, grown on the Chianti Hills in Tuscan south of Florence, Marsala from the west of Sicily and Asti grown on the southern slopes of the Monferrato Hills between Turin and Alexandria.

The northern plain, too, and the lower valleys of the Alps produce many mulberry trees on the leaves of which silkworms are fed, Italy being the largest producer of raw silk in Europe.

Large quantities of oranges and lemons are raised, especially in Sicily, for export to the United Kingdom.

An important economic crop is that of grass and other forage on irrigated land, where at least four crops are cut in the year. This is used for the feeding of much cattle, imported from Switzerland, the milk being made into the celebrated cheeses of Italy—Gorgonzola, Parmesan and Stracchino.

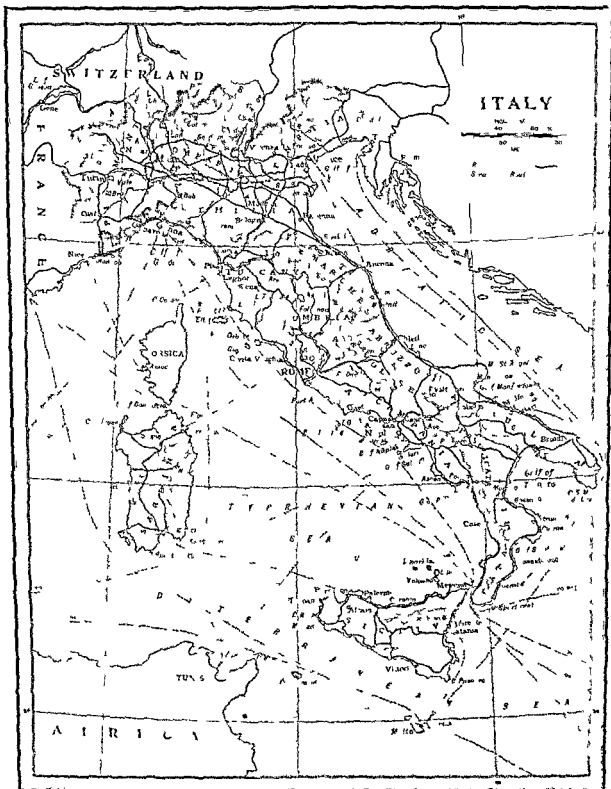
**Minerals.** No coal is found in Italy, most of that which is used being imported from the United Kingdom. There is some lignite, however, or brown coal which is mined at Spolita in Umbria, and at Valloona in Venetia. Petroleum is obtained to the south of the Plain of Lombardy near Piacenza. The most important mineral obtained is sulphur, from the southern portion of Sicily around the towns of Girgenti on the south coast, Catania on the east, and Caltanissetta inland. Iron ore is mined on the mainland in small quantities in the region west of Lake Garda. The principal iron region is the island of Elba, which sends the bulk of its products to Britain to be smelted. Statuary marble is quarried on the western slopes of the Apuan Hills in Tuscany, where the chief centres are Carrara and Massa. Sardinia is rich in minerals, which are, however, but little worked. The chief mining region is around Iglesias in the south-west, where lead and zinc are found. In the south, hot springs deposit boracic acid, an important article of commerce.

**Industries and Manufactures.** The most important industry of Italy is the preparation of silk yarn, which forms by far the most valuable export, most of it being sent to France. Now, however, the making of silk fabrics is greatly increasing, and Como, situated at the southern extremity of the western arm of the lake, is the most important centre. The manufacture of cotton goods is rapidly advancing, raw cotton being now the most valuable import. Wool, hemp, and linen manufactures also engage large numbers of workers. Much of the great increase in these industries is due to the utilisation of the water-power of the streams for the production of electricity.

Efforts are being made to make Italy self supporting in the production of iron and steel. There are iron works near the mines on the island of Elba at Portoferraio, and on the mainland opposite at Pombino. At Terni, to the north of Rome, on a tributary of the Tiber, the water-power supplied by the river is used for the production of steel, and is supplemented by the lignite of Spolita, further north. Near Genoa are a number of iron works, using chiefly old iron imported from all parts of the world. The English firm of Armstrong has ordnance works at Pozzuoli, near Naples.

An important export is straw hats and other straw goods. These are made chiefly in Tuscany where wheat is sown very thickly in order to produce a long, straight stalk. Sculptures in marble and alabaster are also produced in sufficient quantity to produce a valuable export. Glass, lace, leather goods, earthenware, and many other artistic manufactures are scattered throughout the country.

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The chief export is raw silk to the extent of nearly a third of the value of the total exports. Silk goods and cotton goods in increasing quantities come next. Olive oil, dried fruits, wines, hemp, cheese, silk waste and fruits, hides and sulphur follow in importance. Besides these automobiles are the only export to the extent of more than £1 000 000 sterling per annum.

The country with which Italy does most trade is Germany, followed very closely by the United Kingdom. Then come the United States, France and Austria-Hungary. The largest export trade is to Switzerland. There is also a considerable export to Argentina.

With the exception of the United States, the chief exports of Italy go to those countries lying on or around its land frontier where they can be sent by rail. Even poultry and eggs are sent to England overland to Antwerp. This arrangement has an effect on Italian shipping, great difficulty being experienced in getting cargoes for export.

**NORTHERN OR CONTINENTAL ITALY.** The physical boundary of Northern Italy on the south is the ridge of the Apennines, but since Genoa and Spezia are ports of this region, parallel 44° N. is a convenient line to take.

The western coasts are high and rocky, with many fine harbours, but they have the disadvantage of a mountainous country behind them difficult to cross. The eastern coasts are low and swampy, crossed by sluggish rivers and enclosing shallow lagoons, the largest of which is the Valli di Comacchio to the south of the Po delta. This coast is difficult of approach from the sea. Much of it is of recent formation; many towns which within historic times were sea ports being now many miles inland. Adria, after which the Adriatic Sea is named, is now 20 miles from the shore.

In the west is the province of Piedmont in the centre of Lombardy and in the east Venetia. Around the shores of the Gulf of Genoa is Liguria, and between the lower Po and the Apennines is Emilia. The plain is the most densely populated portion of Italy, containing 45 per cent. of the population of the country and owes its importance to the fertility of the soil, the abundance of water both for irrigation and latterly for power, and to the existence of the Alpine passes.

In the middle ages Venice and Genoa divided the land between them and supplied their respective portions with spices and silks from the east. Further, there was a trade across the Alps by which these goods reached the shores of the North Sea and the Baltic. The discovery of the sea route to India, following the capture of the overland routes by the Turks, put an end to the prosperity of both states, and though the opening of the Suez Canal has diverted much trade to its former channels and brought to both Genoa and Venice a new era of prosperity, neither has anything like its former greatness. Genoa did chiefly with imports and Venice with exports.

Genoa (360 245) despite the mountain chain that must be crossed to reach it is the most convenient point for landing goods for the western half of northern Italy, and also for parts of Switzerland and the south-west of Germany. Its fine natural harbour has been enlarged and deepened and two lines of railway cross the mountains, one northward to Alessandria, Milan and the Simplon, and St. Gothard passes the other north-westward through Asti to Turin and the Mt. Cenis pass.

Venice (Venue (Venezia 163 407) owes its position to the fact that it could not be attacked either by sea or by land, while it was so placed as to command the trade between the two. It is situated on a number of islands in a shallow lagoon and was founded by refugees from the mainland as far back as the fifth century. The lagoon is entered by three channels, two of which, the Porto di Lido and the Porto di Malamocco lead to Venice. The Porto di Malamocco, being to the south, is more convenient for ships coming up the Adriatic. As Venice, unlike most ports in the Mediterranean, has a tide, this channel has been deepened by artificially narrowing it, and so causing the water to scour out the bed. The city is connected with the mainland by a railway bridge and is the port for goods coming from the north through the Brenner pass, which lies between Innsbruck and Verona. A great hindrance to its progress as with other commercial cities built on islands is the fact that it is difficult for it to expand and so to keep pace with its increasing trade.

Chioggia (34 300) at the southern end of the lagoon was at one time a rival port of Venice.

Savona (50 471) to the south-west of Genoa was long its rival with the advantage of a lower-lying inland which led however to a much smaller region.

Spezia (77 722) on a splendid natural harbour is the chief station of the Italian navy. It is connected by rail inland to Parma, but the height of the pass over which it travels and the consequent heavy gradients are a great drawback.

Turin (Torino 371 607) at the junction of the Dora Riparia with the Po, which is navigable as far as this for boats, is the natural centre of a great stretch of country and through Susa and Aosta commands four Alpine passes.

Susa is at the junction of the Mt. Cenis and Genevre passes leading to the lower Rhone.

Aosta is at the junction of the Great and Little St. Bernard passes, the former leading to the Upper Rhone and the latter to the Isère.

Alessandria (75 158) is the railway centre of the south as Milan is of the north. Lastward through it runs the line from Turin to the Adriatic along the foot of the Apennines, northward passes the line from Genoa to the Simplon.

Milan (Milano 585 172) lies in the centre of a great agricultural region and at the junction of roads leading over the Simplon, St. Gothard, Maloja and Splügen passes and on the east and west routes along the foot of the Alps to Venice. It is the centre of the silk trade and has some silk manufactures. Cutlery is also made there.

**Other Towns.** Along both the northern and southern borders of the plain are numbers of towns, each situated where a valley opens from the mountains, the larger towns being opposite the more important valleys. Along the southern border these towns lie in an almost straight line from Rimini on the Adriatic to Piacenza on the Po and in Jude Casena, Bologna, Modena, Ferrara and Parma with others of historic importance.

The largest of these is Bologna (166 426) at the mouth of the valley road leading to Florence and the basin of the Arno and thence southward to Rome.

From Parma (53 743) is the railway over the Apennines to Spezia.

Piacenza (47 221) like Cremona, lower down





The chief export is raw silk to the extent of nearly a third of the value of the total exports. Silk goods and cotton goods in increasing quantities come next. Olive oil, dried fruits, wines, hemp, cheese, silk waste, acid, fruits, hides and sulphur follow in importance. Besides these automobiles are the only export to the extent of more than £1,000,000 sterling per annum.

The country with which Italy does most trade is Germany followed very closely by the United Kingdom. Then come the United States, France and Austria-Hungary. The largest export trade is to Switzerland. There is also a considerable export to Argentina.

With the exception of the United States the chief exports of Italy go to those countries lying on or around its land frontier where they can be sent by rail. Even poultry and eggs are sent to England overland to Antwerp. This arrangement has an effect on Italian shipping, great difficulty being experienced in getting cargoes for export.

#### NORTHERN OR CONTINENTAL ITALY

The physical boundary of Northern Italy on the south is the ridge of the Apennines, but since Genoa and Spezia are ports of this region parallel 44° N. is a convenient line to take.

The western coasts are high and rocky, with many fine harbours, but they have the disadvantage of a mountainous country behind them difficult to cross. The eastern coasts are low and swampy, crossed by sluggish rivers and enclosing shallow lagoons, the largest of which is the Valli di Comacchio to the south of the Po delta. This coast is difficult of approach from the sea. Much of it is of recent formation; many towns which within historic times were sea ports being now many miles inland. Adria, after which the Adriatic Sea is named, is now 20 miles from the shore.

In the west is the province of Piedmont in the centre Lombardy and in the east Venetia. Around the shores of the Gulf of Genoa is Liguria and between the lower Po and the Apennines Emilia. The plain is the most densely peopled portion of Italy, containing 45 per cent. of the population of the country, an increase in importance to the fertility of the soil, the abundance of water both for irrigation and latterly for power, and to the existence of the Alpine passes.

In the middle ages Venice and Genoa divided the land between them and supplied their respective portions with spices and silks from the east. Further there was a trade across the Alps by which these goods reached the shores of the North Sea and the Baltic. The discovery of the sea route to India following the capture of the overland routes by the Turks put an end to the prosperity of both states, and though the opening of the Suez Canal has diverted much trade to its former channels and brought both Genoa and Venice a new era of prosperity, neither has anything like its former greatness. Genoa deals chiefly with imports and Venice with exports.

Genoa (260'45") despite the mountain chain that must be crossed to reach it is the most convenient point for land-line goods for the western half of northern Italy and also for parts of Switzerland and the south-west of Germany. Its fine natural harbour has been enlarged and deepened and two lines of railway cross the mountains, one northward to Alessandria, Milan and the Simplon, and St. Gotthard passes the other northward through Asti to Turin and the Mt. Cenis pass.

Venice Venice (Venetia 163'40") owes its position to the fact that it could not be attacked either by sea or by land while it was so placed as to command the trade between the two. It is situated on a number of islands in a shallow lagoon and was founded by refugees from the mainland as far back as the fifth century. The lagoon is entered by three channels, two of which the Porto di Lido and the Porto di Malamocco lead to Venice. The Porto di Malamocco goes to the south, is more convenient for ships coming up the Adriatic. As Venice unlike most ports in the Mediterranean has a tide this channel has been deepened by artificially narrowing it and so causing the water to scour out the bed. The city is connected with Mestre on the mainland by a railway bridge and is the port for goods coming from the north through the Brenner pass which lies between Innsbruck and Verona. A great hindrance to its progress as with other commercial cities built on islands is the fact that it is difficult for it to expand and so to keep pace with its increasing trade.

Chioggia (34'36") at the southern end of the lagoon was at one time a rival port of Venice.

Spezia (50'47") to the south-west of Genoa was long its rival with the advantage of a lower pass inland which led however to a much smaller region.

Spezia (77'7") on a splendid natural harbour is the chief station of the Italian navy. It is connected by rail inland to Parma, but the height of the pass over which it travels and the consequent heavy gradients are a great drawback.

Turin (10'10" 371'60") at the junction of the Dora Riparia with the Po which is navigable as far as this for boats is the natural centre of a great stretch of country and through Susa and Aosta commands four Alpine passes.

Susa is at the junction of the Mt. Cenis and G. Nevre passes leading to the lower Rhone.

Aosta is at the junction of the Great and Little St. Bernard passes, the former leading to the Upper Rhone and the latter to the Isère.

Alessandria (75'15S) is the railway centre of the south as Milan is of the north. Eastward through it runs the line from Turin to the Adriatic along the foot of the Apennines; northward passes the line from Genoa to the Simplon.

Milan (45'40" 585'172") lies in the centre of a great agricultural region and at the junction of roads leading over the Simplon, St. Gotthard, Maloja and Splügen passes, and on the east and west route along the foot of the Alps to Venice. It is the centre of the silk trade and has some silk manufactures. Cutlery is also made there.

Other Towns. Along both the northern and southern borders of the plain are numbers of towns each situated where a valley opens from the mountains the largest cities being opposite the more important valleys. Along the southern border these towns lie on an almost straight line from Luni on the Adriatic to Piacenza, on the Po and in Jude Casena, Bologna, Modena, Reggio and Parma with others of historic importance.

The largest of these is Bologna (166'46") at the mouth of the valley road leading to Florence and the basin of the Arno and thence southward to Rome.

From Parma (53'43") is the railway over the Apennines to Spezia.

Parma (42'22") like Cremona lower down

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Similarly, at the mouth of each of the Alpine valleys is a town, 'Ivrea, Biella, Como, Lécce, Bergamo, Brescia, Verona, Vicenza

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The city is built on a group of hills at a place where, in ancient times, the Tiber could be easily crossed. Its foreign and coast trade is carried on chiefly through *Civitavecchia* (18,547), and, latterly, also through *Fiumicino*, near the mouth of the Tiber. A ship canal is projected connecting the city with the sea.

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**SOMALILAND** Italian Somaliland extends from the borders of British Somaliland and the Gulf of Aden southward to the Jub river which forms the boundary with British East Africa. The area is 130 000 square miles and the population 400 000 most of whom are engaged in rearing sheep cattle or camels. Cotton goods and yarn rice and sugar are imported in exchange for hides butter and other animal products. Much of the trade is carried on through Zanzibar.

The largest towns are on the coast *Mukhdisho* (10 000) *Merka* (7 000) *Barawa* (5 000) and *Ivishera*.

Inland the most important town is *Harera* on the Jub.

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tusks and this is one of the reasons why African ivory is preferred to the Asiatic variety which is also coarser in texture and more likely to become yellow on exposure to the air. Exquisite carvings are made of ivory which is also much in demand for pianoforte keys billiard balls, inlaying etc. but owing to its high and ever increasing price numerous substitutes are now used among which are celluloid (*gu*) and vegetable ivory. (See **COROZO**.) Zanzibar and Pemba are the chief ports from which the African variety is obtained while the Asiatic article is rarely exported being required for native purposes in India. Further India and the Eastern Archipelago. Great Britain imports nearly 50 per cent of the ivory used in manufacture but Dieppe is the European centre of the carved ivory trade.

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east coast of Asia stretching from the tropic of Cancer to latitude 50°N the corresponding range in the west being from the middle of the Sahara to the southern extremity of England

Tokio the capital is in the same latitude as Gibraltar

Altogether there are nearly 500 islands inhabited with an area of 148 000 square miles. The population numbers over 50 000 000 but no census has as yet been taken

Much of the country is the summit of a submarine ridge rising steeply from the deepest parts of the Pacific. Running south from the volcano of Fujiyama (Fujiyama) is another ridge whose peaks form a chain of islands in which are the Bonin Islands

The largest of the islands is Honshu sometimes called Honshu or Hondo and incorrectly Nippon. Nippon being the name for the whole country. To the north separated by Tsugaru Strait is Yezo or Hokkaido. To the south separated by the Strait of Shimonoseki is Kyushu (Kiusiu). These three islands form the eastern shores of the sea of Japan. To the south-east of Honshu and separated from Kyushu by the Bugeo Channel is Shikoku. On the tropic of Cancer is Formosa or Taiwan and between this and the large islands are the Lu-chu or Ryukyu Islands enclosing the China Sea. North westward from Yezo and separated from it by La Perouse Strait is Sakhalin or Karafuto the southern half of which belongs to Japan while north eastward run the Chishima or Kurile Islands which with the peninsula of Kamchatka enclose the Sea of Okhotsk

Other islands are the Iscadores or Hokoto off the west coast of Formosa the Bonin Islands or Ogasawarajima Tsushima in Korea Strait Sado in the Sea of Japan opposite Nigata and the Goto Islands to the west of Kyushu

**Climate** With such a range of latitude as Japan has there is necessarily a vast range of climate from the tropical heat of Formosa to the Arctic conditions of the northern islands. This difference is accentuated by the presence of two ocean currents whose effects are chiefly on the east the Kuro Siwa a warm current from the south corresponding to the Gulf Stream on the east coast of the United States and the Oya Siwa a cold current from the north corresponding to the Labrador current off the coast of Canada. As around Newfoundland where the two currents approach each other foggy weather is prevalent so in the north of the largest of the Japanese islands fogs are frequent from the influence of the cold current on the warm moist air over the Kuro Siwa. In winter when the prevailing winds are from the north plenty of snow falls in the larger islands but does not last for any length of time except in the highlands and in Yezo which from its latitude and the influence of the cold current is generally snow bound for a considerable period the sea being sometimes frozen. During the winter months which are the driest the eastern coasts experience bright cloudless weather while on the west owing probably to the presence of an arm of the Kuro Siwa which enters the Sea of Japan through Korea Strait the sky is generally dull and cloudy

The hottest part of the year is from the middle of July to the middle of September and during this time when the rainy season is at its height the climate is very trying to European. The rainiest season is from April until the beginning of August

and during the latter part of the time when the rivers are in flood travelling is difficult and even dangerous. In September there is also much rain accompanied sometimes by typhoons or whirling storms which do enormous damage both on sea and land

**Relief and Rivers** All the large Japanese Islands and most of the smaller ones are mountainous the lowland area being very small and comprising only some coast plains and a few broad river valleys. The presence of volcanoes the frequent earthquakes the damp climate and the short torrential rivers give Japan a characteristic relief. Where the highlands reach the coast splendid deep and safe harbours are formed

One effect of the mountainous character of the country in conjunction with its narrowness is that while the passes are not very high in comparison with the height of the mountains the rapid approach necessary to cross them makes the gradients very steep rendering railway construction very difficult

In Honshu the ranges run longitudinally through the length of the country as do the river valleys. In Shikoku also the chief range runs in the direction of the greatest length but in Yezo and to some extent in Kyushu the ranges radiate from a centre. On the east of Honshu about the centre is the famous volcanic cone of Fujiyama sometimes called Fujiyama

The largest rivers are naturally in the largest island of Honshu but they are of little use for navigation. They are frequently interrupted by rapids and elsewhere in the dry season are so shallow as to be useless except for the shallowest boats while in the wet season especially after the heavy summer rains have been bringing water for some time they are flooded to such an extent that roads are covered or destroyed and communication is carried on with the greatest difficulty. The principal rivers of Honshu which all lie in the northern half of the island are the Kiso-gawa entering the sea near Nagoya the Shinano-gawa rising near the Kiso-gawa and entering the sea of Japan at Nigata the Irukami-gawa flowing into Sendai Bay and the Tone-gawa. This last which crosses one of the largest lowland areas in the country spreads out into a series of lagoons before reaching the sea at Choshi. The largest lake is Lake Biwa 36 miles long and 12 miles broad famous throughout the world for its beautiful surroundings

**Vegetation and Agriculture** The mountain slopes are generally forest covered many trees found in Europe being common—the chestnut oak pine elm and beech. Other trees are the Japanese cedar the camphor tree the wax tree paper mulberry and lacquer tree. In the southern islands and even as far north as Tokio the bamboo and a sago palm grow

Agriculture is carried on successfully and until the opening up of the country to western civilization was the principal occupation everything in the way of food required in the country being grown. This is possible despite the small area available chiefly on account of the combination of heat and moisture during the summer months. The methods employed are very primitive. The spade is used instead of the plough and everything is done by hand labour carts and animals not being employed at all

Rice is grown in the lowlands or on terraces on the mountain slopes. Wheat barley millet and soya



J.—This letter occurs in the abbreviations—

J/A,	Joint account
Jour,	Journal
Jr, Junr,	Junior

**JABORANDI**.—The dried leaves of the *Pilocarpus pennatifolius*, an aromatic Brazilian shrub. Jaborandi contains tannic acid, and has a bitter taste. It is valuable in medicine as a diaphoretic, and is also used by oculists, its effects being due to the presence of the alkaloid pilocarpine.

**JACARANDA**.—A genus of trees resembling rosewood, and found principally in Brazil. The hard, heavy wood has a fragrant odour, and is much employed by cabinet makers and joiners.

**JACONET**.—A word derived from the French *jaconas*, which is applied to a coarse sort of muslin fabric.

**JADE**.—A tough, hard mineral found in China, Burmah, and New Zealand. It is translucent, and is generally green in colour, though occasionally white or clouded. In China, jade ornaments and necklaces are greatly prized, and high prices are paid at the jade market in Canton.

**JAGGERY**.—The Indian name for a kind of crude sugar obtained by crushing the flowering shoots of various species of palm trees. The exuding juice is of a saccharine nature, and yields, in addition to the brown sugar or jaggery, a fermented drink known as toddy, from which an ardent spirit, a kind of arrack, is obtained by distillation.

**JALAP**.—A purgative drug obtained from the dried tubers of the *Ipomoea purga*, which grows abundantly in the Mexican city of Jalapa, to which it owes its name. Its medicinal properties are due to the presence of jalap resin.

**JAMAICA**.—Jamaica is the largest island in the British West Indies and third largest of the West Indian Islands. It lies in the Caribbean Sea, about 100 miles from each of the two larger islands, Cuba to the north and Hayti to the east. Its length from east to west is 150 miles and its breadth 50 miles, with an area of 4,200 square miles. The population numbers about 850,000.

**Build, Climate, and Vegetation.** Running through the length of the island is a range of mountains, the highest point of which is 7,400 ft above the sea. The rivers are naturally short, with a steep descent which gives rise to numerous falls and rapids.

The climate is tropical in the lowlands, with little range of temperature through the year. Inland it gets cooler with the increase of altitude. The mountain slopes are clothed with extensive forests. All tropical products grow to perfection, and although the sugar industry is not nearly what it was before the emancipation of the slaves in 1838, the prosperity of the island is recovering with the increasing crops of bananas and oranges, and as the demand for fruit for the United States increases it is hoped that Jamaica will become even more prosperous than formerly. Coffee and ginger are grown, and pimento for the whole world is

supplied almost exclusively by the island. Coconuts and cocoa are cultivated. Cinchona, for the manufacture of quinine, has been successfully introduced.

**People.** The population contains only about 2½ per cent of whites, while 76 per cent are blacks and 19 per cent coloured, the bulk of the remainder being East Indians. Agriculture is the only industry of importance. The island was taken in 1655. The present system of administration has existed since 1884, its special feature being that half the members of the Legislative Council are elected. The executive is in the hands of a governor, assisted by a Privy Council.

**Divisions, Towns, and Trade.** The island is divided into three parts. Cornwall in the west; Surrey in the east, and Middlesex in the centre.

**Kingston** (47,000), the capital, on a good harbour in the south-east, was destroyed by fire and earthquake in 1907, and is now being rebuilt.

**Port Royal**, on the opposite side of the harbour, the original port, was almost entirely submerged by earthquake in 1692, it is now of declining importance, but is strongly fortified.

**Port Antonio** (2,000), on the north-east, is the chief fruit-exporting centre.

**Spanish Town** (5,000), a few miles inland from Kingston, was formerly the capital.

**Montego Bay** (5,000) is the principal port on the north-west.

**Lwarton** lies right among the mountains.

All these towns are connected by railways, of which there are nearly 200 miles of 4ft 8½in gauge. There are also good roads in most parts of the island.

The trade in fruit owes much of its recent growth to the bounties granted to steamships maintaining direct communication with Britain, and making special provision for the carriage of fruit. These ships connect Port Antonio with Bristol and Manchester. Most of the trade of the island, however, is with the United States, owing to its closer proximity.

Turks and Caicos Islands, 500 miles to the east, in the south of the Bahamas, form a dependency of Jamaica, as they lie on one of the approaches to the island. They contain about 5,000 people, who are engaged chiefly in salt raking and sponge fishing. The Cayman Islands, 180 miles to the west, are also administered by Jamaica. The population is engaged in turtle fishing and guano collecting.

Mails are despatched once a week via Southampton or Bristol. The time of transit is from thirteen to fifteen days.

For map, see WEST INDIES.

**JAMAICA PEPPER**.—(See PIMENTO.)

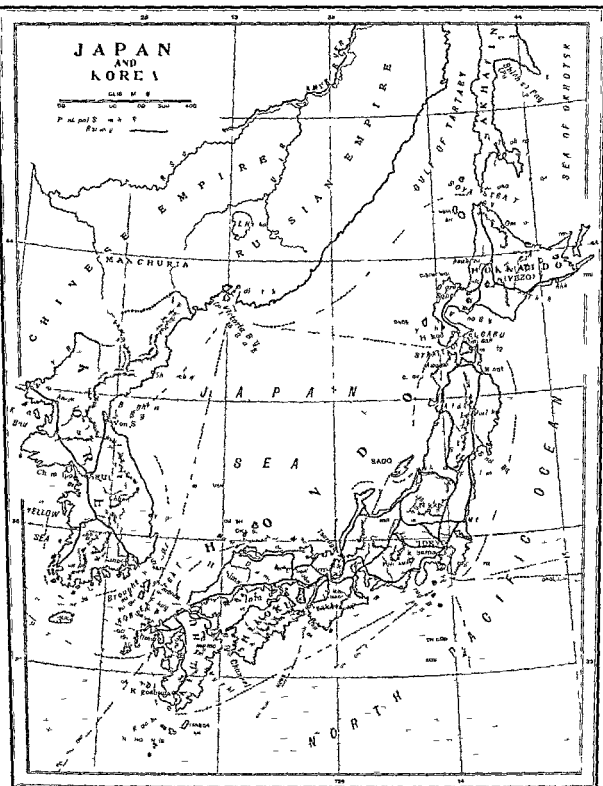
**JAMUN**.—A species of Indian plum, obtained from the *Syzygium jambolana*. It is used in jellies and jams as a substitute for the black currant, which it resembles in taste.

**JAPAN**.—Position, Extent, and Population. Japan consists of an archipelago of islands off the

# JAPAN AND KOREA

Scale in Miles  
0 50 100 200 400

Scale in Kilometers  
0 50 100 200 400



beans are also raised for food. Oranges do well, but other fruits are of inferior quality. Tea is grown chiefly between latitudes 34° N. and 36° N. in Honshu, and still further north in the same island is the region where the lacquer tree is largely grown.

**Animals.** With a large population on the comparatively small area available for agriculture there is little room for domestic animals. Horses and oxen are kept, the horses for carrying goods, and the oxen for pulling carts in those parts where wheeled vehicles can be used. Sheep have been introduced experimentally but without much success, on account of the dampness of the climate. This lack of the domestic animals of the west makes different foods and clothing materials necessary. Without oxen especially kept for dairy purposes, milk, butter, and cheese cannot be had, while the supply of leather is limited, and the absence of sheep leads to the making of winter clothes padded with cotton. Now, however, that Japan trades with foreign countries there is a considerable import of wool.

Fish are abundant in Japan, both in the sea and in the rivers. The chief sea fish are the maguro and a kind of bream called the tai. Both these are sometimes eaten raw. In the rivers salmon and trout are plentiful.

**Minerals.** Coal is abundant and conveniently situated for export, but copper is the most important metal. Much antimony is mined, together with iron, manganese, gold, silver, lead, sulphur, kaolin, and petroleum. Petroleum is obtained in the province of Echigo. The chief copper mines, which are the largest in Asia, are at Ashio, near Nikko, just north of Tokio.

Coal is found near Nagasaki, in the south of Kyushu, and near Moji, on the north coast. A good deal also is found in Yezo.

**Industries and Manufactures.** Until quite recently all Japanese manufactures were made by hand or with the most primitive apparatus. Now the latest machinery from Europe and America is being introduced most rapidly, together with the factory systems and general industrial organisations of these continents.

The iron and steel industry is being fostered by the Government for the production of plates for shipbuilding and railway lines. The Government's establishment is at Wakamatsu on the northern side of Kyushu, within easy reach of the coal and iron mines. Ship-building is carried on at Nagasaki.

The production of silk has always been an important industry, and enormous quantities are now exported. Although the rearing of silk fabrics is still carried on to a large extent by hand, modern machinery is being increasingly used. The same is true of cotton weaving. Machinery for the spinning of cotton has been in use on a large scale since 1882. The next important textile is hemp. One feature of the textile trade is the great preponderance of women engaged in it, 788,000 workers out of 835,000 being women.

The making of paper from the inner bark of the paper mulberry is another important industry, since paper has to be used for many purposes, for which the supply of leather is inadequate. European paper is also made; and matches made by European machinery are in some markets costing the European product. Fine porcelain is made from kaolin, which is abundant. Lacquered ware

is still made, but, with the enormous increase of machine-made goods, is relatively unimportant.

**Transport.** The mountainous character of the country confines communication to well defined routes in the valleys, where the flooding of the rivers frequently destroys many of the roads that have been constructed, although good roads are few. Wheeled traffic is little used and is drawn either by men (the jinriksha) or oxen. Pack horses and porters are largely employed. Despite the drawbacks to railway construction the length of line is rapidly increasing and is now close on a thousand miles, half being owned by the State and half by private companies. In Honshu a line runs from Aomori in the extreme north to Shimonoseki in the south, and is then continued in Kyushu to Kagoshima in the south. A number of branch lines connect with all the important towns. The line connecting Yokohama with Tsuruga, almost due westward on the Sea of Japan forms a link in the quickest route round the world, Yokohama being connected by ship with Vancouver and other American ports, and Tsuruga being only thirty hours by steamer from Vladivostok, the Pacific terminus of the Siberian railway.

**Imports and Exports.** The imports are of the average annual value of £47,317,000 and the exports £44,274,000. The leading import is raw cotton, which is far ahead of the next item—iron and steel. Other important articles are rice (from Burma), oil cake, engines and boilers, sugar, soya beans, and petroleum.

The chief export is raw silk, of rather greater value than the import of raw cotton and even further ahead of the article next in value, silk manufactures. Next come copper and cotton yarn of about equal value, coal, tea (chiefly to North America), matches, earthenware, and silk waste.

Japan imports more goods from Britain than from any other country, and if to these the goods from British India and British North America are added the total is worth more than twice the value from the next important country, the United States. The chief articles from Britain are iron and machinery, cotton goods and yarn, woollen goods and chemicals. The chief countries to which goods are exported are the United States and China. The chief articles sent to Britain are silk manufactures, straw plait, curios, rice, and drugs.

**Government.** The Emperor, known in Britain as the Mikado, is supreme. The Parliament consists of a House of Peers partly appointed by the Emperor, partly hereditary, and a House of Representatives elected on a very limited franchise. The executive is in the hands of a cabinet appointed by the Emperor and responsible to him.

**Trade Centres.** There are twenty-five towns with a population of over 60,000.

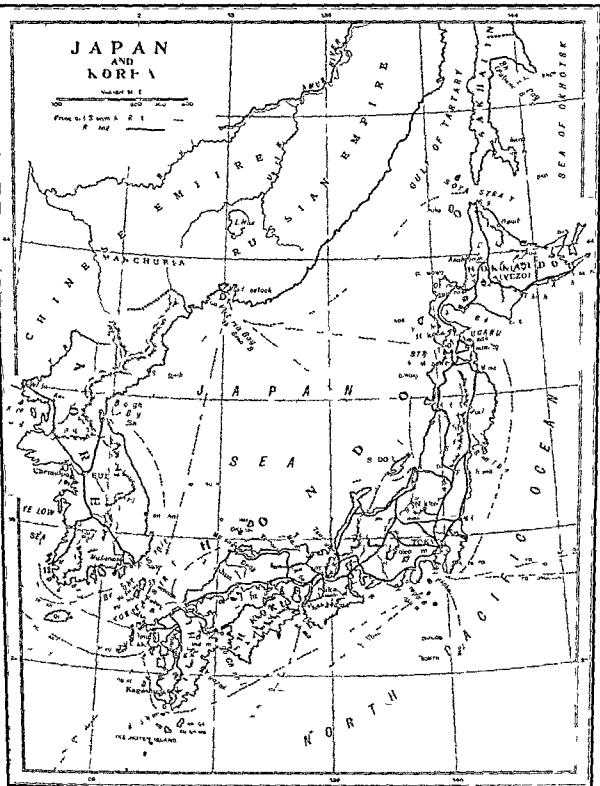
**Tokio** (2,250,000) has been the capital since 1868. It is the largest town in the country, situated on the largest plain and at the head of Tokio Bay. As large ships cannot reach it, its trade is done by Yokohama.

**Yokohama** (394,000) is the great port of Japan, and the fourth city in size. From here run lines of steamers to Canada, the United States, Australia, India (Bombay), and Europe, besides local lines and those trading with the ports of northern China and the Yangtse-Kiang.

**Osaka** (1,250,000) is the centre of the cotton spinning industry. It is the most densely populated region of Japan and has many

# JAPAN AND KOREA

NUMBER 51 E  
100 200 300 Miles  
From U.S. Navy & R. I.  
R. M. E.





canals for the conveyance of goods. Its harbour is poor, however, and the foreign trade of the district passes through Kobe.

**Kobe** (380 000) near Osaka is the chief port for the foreign trade of the district.

**Kyoto** or **Saikyō** (442 000) was the capital of Japan until 1868. It is beautifully situated and has many fine historic buildings and many artistic industries.

**Na oya** (375 000) is in a great rice growing region and exports the porcelain manufactured at the neighbouring town of Seto. It has however a poor harbour.

**Na asaki** (176 000) has a splendid landlocked harbour and has an increasing shipbuilding industry. It exports the coal from the neighbouring coalfield.

**Nabotsu** (90 000) exports the coal and other products of Yezo.

**Nagasaki** (114 000) is an important port on the Inland Sea. Other towns of size but of only local importance are Kanazawa (111 000), Kure (101 000), Sendai (98 000), Okayama (94 000), Sasebo (93 000) and Otaru (31 000).

The smaller islands. The *Loo Islands* produce rice and sugar. The capital is Sakai and the port Naha. The population is 170 000.

**Formosa** or **Taiwan** on the tropic is divided into two distinct regions: a mountainous forested region in the east inhabited by a Malayan people, some of whom are savages, and a fertile plain in the west cultivated by Chinese settlers and producing rice, tea, hemp and sugar. While coal and sulphur are mined. **Taipei** is the capital. **Keelung** and **Tamsui** in the north, **Takao** and **Anping** in the south west are the chief ports.

**Sakhalin** or **Karafuto** is rich in minerals. Only the southern portion of the island acquired from Russia in 1905 is Japanese; the northern half still being Russian.

The *Kuriles* are a volcanic chain of islands in some of which as in the north of Yezo live the Ainu who inhabited the country before the Japanese settled there.

Trails are despatched by various routes once a week. The time of transit is twenty-four days via Vancouver and thirty-six days via Suez.

**JAPAN WAX**—A yellowish product with an unpleasant odour like tallow and a bitter taste. It is obtained by boiling the leaves and berries of a Japanese plant known as *Rhus succinea*. Though more easily worked than ordinary beeswax it is not much used in Great Britain.

**JAPANNED WARES**—These goods are prepared by coating articles of wood, metal (especially tinned iron), paper, maché and leather with varnish and then exposing them to heat in order to harden the surface. The name is now applied to wares varnished in quite a different way from the method employed in Japan where *laquer* (or *lac*) of a lasting quality is carefully made from a base of purified vegetable juices whereas the black jap used at Birmingham consists of a phillura, amber or copal resin and linseed oil. Better class goods receive several coatings each being separately dried by heating in an oven and then rubbed with ground pumice stone and rottenstone. The decorative work in gold or bronze is carried out afterwards. Common goods are only coated once. An inlay of shell or metal is usually worked into the Japan reserved for paper and shell goods. White Japan is used for lining portable baths, but the most common japanned wares are

articles such as trays, coal vases and boxes of all sorts.

**JARRAH**—A species of eucalyptus growing in Australia where its hard and durable timber makes an excellent substitute for mahogany which it rather resembles. The wood contains a pungent acid which repels the attacks of insects and is therefore much employed for telegraph posts, railway sleepers and wharf piles. It is also used for street paving and in shipbuilding. There are large exports to Great Britain.

**JASMINE**—A genus of climbing plants with fragrant flowers which yield an oil useful in perfumery and occasionally employed in medicine.

**JAVA**—(See HOLLAND.)

**JEAN**—A strong fabric made of twilled cotton. The variety known as *satin jean* has a smooth and glossy surface as its name implies. Manchester is the chief seat of manufacture.

**JERKED BEEF**—Sun dried meat used in Brazil and the West Indies as food for negroes. It is prepared in Mexico where it is known as *tesugo* and in South America where it is called by the Chilian name *charqui*.

**JERQUER**—This is the name given to an officer of customs who searches vessels on their arrival in port in order to ascertain whether there are any articles secreted on board which are liable to duty and which are kept back or unentered with a view to smuggling.

**JIRQUING**—The act of searching vessels by the jerquer or other officer of customs.

**JESUITS BARK**—(See CINCHONA.)

**JET**—A species of lignite, hard, compact and of a velvety black colour said to be due to the bituminous matter with which it is usually associated. It is found near Whitby in Yorkshire in France and Spain and in parts of Bohemia.

The jet industry. Jet takes a high polish and is Foreign competition is affecting the hitherto flourishing Whitby trade. Jet is much imitated, cellinoid substances used for this purpose.

**JETSAM**—Things thrown overboard in a time of peril at sea which remain under the water.

**JETTISON**—Jettison in its largest sense signifies any throwing overboard, but in its ordinary sense it means throwing overboard for the preservation of the ship and cargo. The jettison must be made for sufficient cause and not from groundless timidity. It must be made in a case of extremity when the ship is in danger of perishing by the fury of a storm or is labouring upon rocks or shallows or is close pursued by pirates or enemies. If the loss of the cargo is saved by pirates or enemies, the property saved is bound to pay such sacrifice the lost and saved as both to be a proportion of the they would pay brought at the place of delivery. Jettison has a maritime lien on the vessel for the cost of the jettison. The owner of a cargo of the vessel on the vessel on an adjustment.

**JEWELLERY**—The jeweller's craft is one of the oldest and most valuable trades having been known since the earliest times. It is a branch of the art of working metals, such as gold, silver and platinum, and precious stones of various kinds.

emeralds, pearls, rubies, amethysts, turquoises, agates, and many others, are used in the manufacture of personal ornaments. The work upon each of these constitutes a special industry. The jewellery of Clerkenwell is celebrated for the excellence of its quality, while the commoner sorts, including imitation jewellery, are produced at Birmingham. Paris is noted for cheap and attractive novelties, and Vienna, Berlin, and New York enjoy a similar reputation. Amsterdam is the centre of the diamond-cutting industry of the world, and India is famous for its delicate filigree work set with enamel and precious stones.

**JEW'S EAR.**—Also known as Judas's ear. It is a species of fungus growing on the elder tree, and was formerly used medicinally as an astringent.

**JOBBER.**—The functions of the jobber have been touched upon in that section of this work dealing with **BROKER**. Whereas the broker is an agent acting on behalf of his principal, the jobber is himself a principal, being a merchant or dealer in certain stocks and shares. He is as much a merchant in stocks and shares as a wholesale provision merchant is in connection with hams and cheeses, and, like him, he keeps a certain stock. He buys and sells, and his aim is usually to "even up his book," that is to say, if, during the day, he has sold 5,000 shares and bought only 3,000, his aim is, other things being equal, to purchase the balance of 2,000 shares, and thus even up his book. In such a case, if offers of the shares are not forthcoming, he will, in the ordinary way, raise the price at which he is a buyer, in order to provoke offers of stock, in the contrary event, that is to say, if he finds that there are more sellers than buyers about, he reduces his price, and thus, on the one hand, deters certain would-be sellers and perhaps induces other individuals to purchase. The system of two prices is explained under the heading of **DOUBLE QUOTATIONS**. Unlike the broker, the jobber is not permitted to deal direct with the public, but can only deal with brokers or other jobbers.

**JOB'S TEARS.**—The seeds of an Indian grass, the *Coix lachryma*, somewhat like maize. They are so called from their shape. They are hard and lustrous, and, though edible, are mainly used for personal ornaments, necklaces, ear-rings, bracelets, etc., being manufactured from them, and worn by the natives of India. The grass is now cultivated in the Iberian Peninsula, where the seeds are largely used for rosaries.

**JOINT ACCOUNT.**—Generally speaking, this means an account in a particular business or undertaking where two or more persons or firms combine to provide the necessary capital and services, and agree to divide the profits and losses arising out of the same. A partnership undertaking is a joint affair, and the partners enter into the business on a joint account.

In banking, a joint account signifies one which is kept in the name of two or more persons. When such an account is opened, unless all the parties are to sign cheques, an authority, signed by all, should be obtained, stating distinctly who may sign upon the account.

If no authority is held from the parties on a joint account, all cheques must be signed by all of them, and on proof of death of one of them the balance may be withdrawn by the survivors.

An authority may be cancelled by any of the parties at any time.

**JOINT ADVENTURE.**—The term commonly

applied to a partnership confined to one particular transaction. It is more especially met with in Scotch law.

**JOINT AND SEVERAL LIABILITY.**—(See **JOINTLY** and **SEVERALLY**.)

**JOINT LIABILITY.**—(See **JOINTLY**.)

**JOINTLY.**—This word is used in connection with the liability which attaches to two or more persons, when only the whole of the members can be made accountable, and not each one separately. When the liability is joint, the whole of the members must be sued. (See **SEVERALLY**.)

**JOINTLY AND SEVERALLY.**—Where a promissory note is drawn by several makers "we jointly and severally promise to pay," each maker is liable for the full amount of the note, but if the note is worded "we promise," or "we jointly promise," the makers are liable as a whole, and not individually, for the full amount. Where a note, "I promise to pay," is signed by several persons, it is by Section 85, s s 2, of the Bills of Exchange Act, 1882, deemed to be their joint and several promise.

It is obviously to the advantage of a holder of a promissory note that all parties liable upon it jointly should be liable severally as well, he can then, if necessary, sue all of them at the same time for the whole amount of the debt, or sue each party separately for the whole amount. If one is sued and the holder fails to obtain payment in full, the remaining parties may then be sued. If one of the makers of a joint and several note dies, his estate is liable, but if the note is joint only, the estate of a deceased maker is not liable.

In the case of a banking account, where a joint account is overdrawn, the liability is joint only, and if one of the parties dies the survivor becomes liable for the full amount, the estate of the deceased is not responsible for the debt. Where a joint advance has been made, and one of the parties becomes bankrupt, the solvent party is liable for the whole amount. In cases of joint overdrawn accounts, it is customary, when the account is not otherwise secured, to obtain a guarantee signed by all the parties, when this is done a claim can be made upon the deceased's or bankrupt's estate.

A payment, or acknowledgment, by one does not prevent the other parties who have signed a promissory note from pleading the Statute of Limitations, whether they have signed "jointly" or "jointly and severally." (See **STATUTE OF LIMITATIONS**.)

An ordinary cheque, signed by more than one individual, is not a joint and several document. (See **PROMISSORY NOTE**.)

**JOINT STOCK.**—Stock held jointly or in a company.

**JOINT STOCK COMPANIES.**—(See **COMPANIES**, **JOINT STOCK**.)

**JOINT TENANTS.**—Where land is not held by one individual, but by two or more persons jointly, the holders are known as joint tenants if they have an equal interest or right in the whole of the property. The most important point in connection with joint tenancy is the fact that on the death of any one of the joint tenants his interest or right passes to the surviving joint tenants, and if there is eventually only one left, the survivor becomes the sole owner and may deal with the estate as if he were any other kind of tenant.

A joint tenant cannot devise his interest or right by will, but he may sell it to an outside person.

The outside person however does not become a joint tenant but a tenant in common (*qv*) and he can deal with his share according to his own wish. If one joint tenant purchases the share of another the transfer is effected by a release and not by a conveyance because each joint tenant is already equally possessed of the whole property.

At common law a joint tenant could never obtain a share in the property in his own right but at an early stage of English history there was provision made by statute for an action for partition (*qv*) so that if a joint tenant now desires it he can as it were split up the estate and become sole owner of that portion of it which is awarded to him by the court.

**JOINTURE**—An estate in lands settled upon a woman which she is to enjoy after her husband's death.

**JOINT VENTURE ACCOUNT**—A Joint Venture Account is an account which shows the transactions of a special undertaking entered into jointly by two or more persons. These persons combine together and contribute either services or capital or both for the purpose of the venture and share the profits or losses which result in a manner agreed upon.

The accounts are kept in a similar manner to Consignment Accounts the Joint Venture Account being in reality a profit and loss account for the particular business undertaken and the balance of same on completion debited or credited as the case may be to the parties entitled in their respective proportions.

Working concurrently with this account however personal accounts also require to be opened for each person and the amount of goods or cash contributed credited and adjustments made for any other items which may affect the venture such as interest for moneys advanced commission allowances for services etc.

The example given shows the complete accounts

relating to this class of undertaking assuming the following transactions—

Messrs Batty Bros of London purchased from Percy & Co and shipped to Messrs Schmidt & Co Lagos on joint account goods £850. Their payments in connection with the shipment were carriage £5 freight £7 10s 0d insurance £2 and sundries £1 15s 0d. They drew on Schmidt & Co for £800. The account sales sent by Schmidt & Co showed the goods realised £940 and that their expenses had been Landing charges £4 porterage £4 10s 0d and sundries £0 3s 0d and enclosed an acceptance due to Batty Bros. Profits to be divided two fifths to Schmidt and three fifths to Batty Bros.

**JONQUIL**—A species of narcissus introduced into Britain from Spain and yielding an essential oil useful in perfumery.

**JOURNAL**—The Journal is as its name implies a Day Book (French *jour a day*) i.e. a book in which the entries are made day by day as they take place and as such is one of the books of first or original entry. Under continental systems of book keeping it is the principal often the only book of original entry all items being posted to their respective accounts in the Ledger through its medium.

The entry is made by stating the account to which the item is debited with the amount in the first (debtor) column and immediately beneath the account to which the item is credited with the amount in the second (credit) column the total of the debit column thus agreeing with that of the credit column. Each entry wherever necessary or advisable is followed by a short explanation of the nature of the transaction such entry being technically known as a narration. Such narrations should be made in clear and yet concise style the Journal losing much of its value if the narrations are made so vaguely that at a future time they

*In Batty Bros Books*

Dr	Joint Account with Schmidt & Co., Lagos			Cr
	£	s	d	£ s d
To Percy Bros — Goods	850	0	0	
Cash — Carriage	5	0	0	
— Freight	7	10	0	
— Insurance	2	6	0	
— Sundries	1	15	0	
Schmidt & Co —				
Expenses	10	15	0	
½ths share Profits	25	4	0	
Profit and Loss Account —				
½ths share Profits	37	16	0	
	940	0	0	940 0 0

D	Schmidt & Co			Cr
	£	s	d	£ s d
To Joint Account	940	0	0	
	940	0	0	
By Bills Receivable	800	0	0	
Joint Account —				
Expenses	10	15	0	
½ths share Profit	25	4	0	
Bills Receivable	104	1	0	
	940	0	0	940 0 0



In Schmidt &amp; Co's Books

Dr.				Joint Account with Batty Bros., London.				Cr.			
	£	s	d		£	s	d		£	s	d
To Batty Bros — Goods	850	0	0	By Cash . . . . .	940	0	0				
" " — Expenses	16	5	0								
" Cash — Landing Charges	4	0	0								
" " — Porterage	4	10	0								
" " — Sundries	2	5	0								
" Batty Bros —											
½ths share Profit	37	16	0								
" Profit and Loss Account—											
½ths share Profit	25	4	0								
	£940	0	0						£940	0	0

Dr.				Batty Bros.				Cr.			
	£	s	d		£	s	d		£	s	d
To Bills Payable	800	0	0	By Joint Account—							
" " "	104	1	0	Goods ..	850	0	0				
				Expenses	16	5	0				
				½ths share Profit	37	16	0				
	£904	1	0						£904	1	0

cannot be followed by any person having to deal with them without the aid of the person who has made the entries, or of the documents relating to them

The Journal is sometimes kept with tabulated columns for the reception of items of similar character, the totals only being posted to the accounts in the Ledger, and where the books are kept on Self-balancing principles, columns are also provided for the reception of the items affecting each Ledger, so providing the totals for insertion in the Adjustment accounts (See USE OF JOURNAL—COLUMNAR JOURNALS)

**JOURNAL, USE OF.**—The Journal is used as the principal book of original entry on the continent in all countries adopting the Code Napoleon, under which stringent rules exist in regard to it, its use being strictly enforced in some countries under very heavy penalties, each page bearing a Government stamp. There it is the only book which will be taken as evidence in the law courts, and should an erasure be made, or an entry altered in any way so that the original cannot be read, this will invalidate as evidence the whole of the transactions on that page.

The use of the Journal in this country has, to a large extent, been discontinued, the other books of original entry, viz., Cash Book, Day Book, Invoice Book, Returns Book, etc., having taken its place, with the result that it is now used only as a Pick-up book for the reception of items for which no special book of original entry is kept. Of these may be mentioned any items requiring special explanation, the introduction of new capital, transfers from one Ledger to another, sometimes the opening entries of a new set of books, sometimes the closing entries at the end of each period, the opening accounts of a limited company, special transactions in trust accounts, consignment transactions when a special Consignment Day Book is not kept, and bill transactions when special Bills

Ledgers are not kept, these latter being matters of so great importance and on which error is likely to take place, that it is advisable to record them in this way as well as through the Bills Books.

On the next page is a form of Journal, with a few entries of special character showing the necessary narrations (See JOURNAL)

**JOURNALISE.**—The act of entering up the journal

**JOURNEYMAN.**—This name is now generally applied to an artisan or to a mechanic who has served a period of apprenticeship to his trade, and works as a skilled man for a definite wage. Originally it meant a tradesman who was paid for his work by the day.

**JOWARKI.**—A cattle food exported in large quantities from India. It is obtained from a species of millet, and is used in India as a food.

**JUDGE'S ORDER.**—An order made by a judge, either of the High Court or of a county court, upon any matter which is brought before him, as, for example, a charging order (*q v.*) or a garnishee order (*q v.*)

**JUDGMENT.**—(See ACTION)

**JUDGMENT CREDITOR.**—A person who has brought an action for debt or damage against another in a court of law, and has obtained judgment for the whole or a part of the amount claimed. The rights of a judgment creditor are—

(1) An action for non-payment of the judgment debt

(2) Power to issue execution

(3) Power to issue a bankruptcy notice

(4) A committal of the debtor to prison under certain conditions

**JUDGMENT DEBTOR.**—A debtor against whom a judgment has been obtained, ordering him to pay a sum of money, such order not having been satisfied. A judgment debtor may be examined as to his means, and the judgment creditor may proceed against him by issuing an execution, serving

## Open Entries

		£	s	d	£	s	d	
<b>Sundry Assets</b>								
To Sundry Liabilities	Dr Cr							
Horn Carts & Harn		184	1	0				
Office Furniture		80	0	0				
Stock		1,000	0	0				
Bills Receivable		100	0	0				
(see schedul)								
Sundry Debtor		300	16	8				
(as per schedul)					190	8	1	
To Sundry Creditors								
(as per schedul)								
Bills payable					4	0	0	
(as per schedul)								
Bank overdraft					169	11	3	
Capital—								
S Nield £13 13 8								
W. Abbott £33 13 8								
		£	665	6	5	1,665	6	8
<b>Depreciation</b>								
Profit and Loss Account	Dr	£	595	0	0	595	0	0
To Mainly								
Being Depreciation at the								
rate of 10 per cent								
annum on goods								
at cost								
to the 1st day								
<b>Adjustment of Errors</b>								
Mar 3	To Capital A/c	Dr	35	0				
"	To Y's Capital A/c				35	0		
"	Being adjustm t							
ent v m i l ord								
to correct the mis-								
statement of i t rest on								
th partners' Capital								
from the Profit								
and Loss A/c for								
th year ending								
December 31 1911								
<b>Transfers from Reserve Fund</b>								
Mar 31	To Reserve Fund	Dr	868	0				
"	To Closed Work A/c				5,500	0	0	
"	Front and Loss				3,780	0	0	
"	Debit to Y C				1,400	0	0	
"	Goodwill C							
"	Being amo t							
transferred from								
Reserve Fund to								
eliminate the								
difference on								
Closed Work A/c								
and Goodwill								
and to credit								
Profit and Loss								
A/c as per								
Resolution of the								
Board passed								
9								
<b>Transfer to Bad Debts Account</b>								
Mar 3	To Bad Debt A/c	Dr	1	5	6			
"	To W. Smith C					0	5	6
"	Being the balance of							
LI A/c now writ-								
ten off								

a bankruptcy notice upon him or getting an order for committal if it is proved that he has had means to pay the amount of the judgment debt since the judgment on which he has refused to do so.

**JUDGMENT SUMMONS**—This is a summons taken out either in the High Court or the proper county court by a judgment creditor (*q.v.*) under which the judgment debtor (*q.v.*) is brought up for an examination as to his means and upon which an order will be made for payment either at once

or by instalments if it appears to the judge that he has means by which he can liquidate his liability. Upon a judgment summons an order may be made for the committal of the debtor to prison in default of payment. Unless it is made quite clear that the debtor possesses means no order will be made.

**JUDICIAL TRUSTEE**—This is an official created under the Judicial Trustee Act 1896. Under that Act a judge of the High Court or of a county court (provided he has jurisdiction) is empowered upon the application of any person creating a trust or of any trustee or beneficiary under an existing trust to appoint any fit and proper person who has been nominated for the purpose as a judicial trustee and thus judicial trustee is to act in the administration of the trust either alone or in conjunction with some other person. Also under the Act if sufficient reason is shown a judicial trustee may be appointed to act in the place of any existing trustee. A fixed rate of remuneration is paid to the trustee out of the trust funds. There are certain duties prescribed by the Act which must be fulfilled by the trustee: the principal being the annual rendering of an account of the trust in a prescribed manner. The judicial trustee will in all probability cease to exist in the near future owing to the appointment of the public trustee (*q.v.*) under the Act of 1906 which Act came into force on January 1st 1909.

**JUNIPER**—A genus of evergreen shrubs belonging to the order *Coniferales*. The berries of the common juniper which is found in Great Britain and in many parts of North Europe are used in making gin (*q.v.*). They also yield by distillation an essential oil which is employed in medicine as a diuretic. The wood of an Indian species of juniper is used by native turners and cabinet makers but the most beautiful variety is the Virginian juniper or red cedar of America so called from its beautiful reddish wood which is much used for making cigar boxes and lead pencils owing to the scarcity of the Bermuda cedar.

**JUNK**—A name applied both to a clumsy Chinese vessel and to old pieces of cordage, hemp etc. used for making rope mats, ship sacks, oakum and thick brown paper.

**JURISDICTION**—This word is used with two meanings, as referring either to the power of the court or to the territorial limits within which its powers can be exercised. The power of the High Court is unlimited except in so far as it is restrained by statute but the power of an inferior court is never exercisable beyond the limits which have been laid down for its guidance and control. In case a court of inferior jurisdiction attempts to assert its powers beyond what it is entitled to do the High Court may restrain it by prohibition (*q.v.*) or similarly if it refuses to exercise its authority it can be made to do so by mandamus (*q.v.*). As respects its scope, the jurisdiction of English courts extends to British dominions only i.e. to British soil and to 3 miles beyond low water mark but in certain cases provision is made for bringing a defendant person to task even though he is resident outside British territory. This however is a matter of practice and procedure and is of a highly technical character. If there is a dispute between parties as to real property situated abroad the English courts will at once refuse to entertain any question regarding it for a single moment.

**JURY**—(See *JURY*.)

**JURY**—A jury is a body of men selected and sworn to declare the truth as to any particular

matter on the evidence placed before them. Persons summoned to serve upon a jury must be duly notified of the fact, and any failure to appear, without sufficient reason, renders the delinquent liable to a fine. When a juror has been summoned to attend the assizes, it may turn out that there are no cases to try. The juror will then receive a special notice that his attendance is not required, otherwise he must be present. Except in the case of a jury of matrons being empanelled, no woman can sit upon any jury.

If a name appears upon a jury list, no exemption is granted unless the leave of the presiding official is obtained at the court to which the juror is summoned, or unless he is suffering from illness. It is advisable, therefore, that the jury lists should be periodically examined to see that names are not improperly inserted, especially by those men who desire to claim exemption on the ground that they are over sixty years of age. No man who has been convicted of treason, felony, or any infamous crime, unless he has been pardoned, can sit upon any jury, and the following persons are exempted by Act of Parliament—

Peers, M.P.'s, judges, clergymen, Roman Catholic priests, dissenting ministers and Jewish rabbis, whose place of meeting is duly registered (provided they follow no other occupation except that of schoolmaster), serjeants, barristers, certificated conveyancers, special pleaders (if actually practising), members of the society of doctors of law and advocates of the civil law (if actually practising), attorneys, solicitors, and proctors (if actually practising and having taken out their annual certificates), and their managing clerks and notaries public in actual practice, officers of the court of law and of equity and the clerks of the peace and their deputies (if actually exercising the duties of their respective offices), coroners, gaolers, keepers of houses of correction, and all subordinate officers of the same, keepers of public lunatic asylums, all registered medical practitioners and pharmaceutical chemists (if actually practising), officers of the Army, Navy, Militia, and Yeomanry, while on full pay, the members of the Mersey Docks and Harbour Board, the master, warden, and brethren of the Corporation of Trinity House, of Deptford Strand, pilots licensed by the Trinity House of Deptford Strand, Kingston-upon-Hull, or Newcastle-upon-Tyne, and all masters of vessels in the buoy and light service employed by any of these corporations, and all pilots licensed under any Act of Parliament, officers of the post office, commissioners of customs and inland revenue, and those employed by them in collection and management, sheriff officers, police officers, metropolitan magistrates, and their clerks, ushers, doorkeepers, and messengers, members of the municipal corporation of any borough, and the town clerk and treasurer, and every justice assigned to keep the peace therein (so far as relates to any jury summoned to serve in the county where such borough is situated), burgesses of every borough in which a separate court of quarter session is held, so far as relates to a jury summoned for any sessions in the county where the borough is situated, justices of the peace within the place of their own jurisdiction, and officers of the House of Lords and the House of Commons. Recently, exemption has been granted to members of the Territorial Forces.

The various kinds of juries are here treated of separately—

1 **Criminal Law. Grand Jury.** Except in those cases where a criminal trial takes place by inquisition or information (*q v*), a bill of indictment (*q v*) must be prepared, and this bill is placed before the grand jury, whether at quarter sessions or at the assizes.

The grand jury is summoned by the sheriff or the clerk of the peace, according as the jury is required for assizes or sessions. The number summoned is generally twenty-four, but the grand jury may consist of any number between twelve and twenty-three, so that twelve may be a majority. Their duty is "to inquire into, present, do, and execute all those things which, on the part of our Lord the King shall then be commanded them." There are no special qualifications for grand jurors at the assizes, but the members are generally composed of gentlemen of good standing in the county. At borough quarter sessions the only requirement is that the members shall be burgesses. At county sessions they must have the qualifications of petty jurors. These qualifications are: They must (1) be between the ages of twenty-one and sixty, though a man may be called upon to serve after he has attained the latter age, unless he has taken care to have his name removed from the jury list, (2) have a clear income of £10 a year arising out of landed property, or be entitled to that amount for their own lives or for the life of another; or (3) have a clear income of £20 a year arising out of leasehold lands or tenements held for a term of twenty-one years or more, or for a term terminable on life or lives, or (4) be householders rated for inhabited house duty in Middlesex at not less than £30, and in any other county at not less than £20, or (5) occupy a house with not less than fifteen windows.

On the opening day of the assizes or sessions, the grand jury are sworn and charged, that is informed generally of the nature of the cases which will be brought before them for their consideration. They then retire to a separate room, choose a foreman from amongst themselves, and the bills of indictment are placed before them. Each case is gone into and the witnesses for the prosecution appear. If the majority, which must be twelve, are of opinion that a *prima facie* case is made out, the words, "a true bill" are indorsed, on the back of the bill of indictment, the indictment is taken back into court by some of the grand jury, and the prisoner named in the indictment is put on his trial before a common jury. If it is thought that no *prima facie* case is made out, the words "not a true bill" or "no bill" are indorsed. Such a bill is brought into court as before, and the clerk of the peace declares the opinion of the grand jury. The bill is said to be ignored or thrown out. When the whole of the bills have been considered, the grand jury return into court in a body and are formally thanked for their services.

When a true bill has been returned, the prisoner is put upon his trial, and his fate is decided by a common jury. If the common jury disagree, the case may be sent over for a future trial. But it is rare for a prisoner to be tried more than twice. If there is a disagreement on two occasions, the Crown generally refuses to go on. In legal language, a *nolle prosequi* is entered. When no true bill is found, there is nothing to prevent the bill of indictment being presented on a future occasion before another grand jury, either upon the same or upon further evidence. By finding no true bill, therefore, it may happen that a prisoner may be tried subsequently.

and convicted the additional time allowed having given the police authorities an opportunity of procuring further or better evidence. But if once a true bill is returned and a prisoner is acquitted by a common jury mainly through the deficiency of evidence no further trial can take place as the prisoner can plead that he has been previously acquitted (or in technical language *autrefois acquit*) of the same offence.

It is not often that a bill of indictment is presented before a grand jury without a previous examination having taken place before a magistrate. In certain cases however a bill of indictment may be presented by a private individual.

**Common Jury.** In criminal cases the common jury or as it is sometimes called the petty or the traverse jury are the persons appointed to try an accused person against whom a true bill has been found by the grand jury upon an indictment or to inquire into the innocence or guilt of a person charged upon inquisition (q.v.) or information (q.v.). (It is only in the rarest cases that a special jury is summoned in a criminal case and then the case must be one which is removed for trial into the King's Bench Division of the High Court.) The qualifications of a juror are set out above. A large number of persons who are entitled to be called upon and whose names are on the jury lists are summoned for each assizes or quarter sessions as the case may be and twelve are selected to sit in the jury box. A foreman is generally selected but in practice he is generally the jurymen who first takes his place in the jury box. As soon as the prisoner is arraigned (or as soon as several are arraigned if there are more than one) the jury are sworn by an officer of the court the prisoner or prisoners being first of all informed that the jury are the men appointed to try them and so as to give them the right of challenge. By challenge is meant the right of a prisoner to object to the jury though if good cause is shown the whole may be objected to by either side. But without showing any reason a prisoner may peremptorily challenge thirty five persons when he is charged with treason or twenty when he is charged with a felony (q.v.). There is no right of challenge when the offence alleged is a misdemeanour (q.v.). The oath is administered to each jurymen unless he is challenged according to an Act passed in 1909 (when kissing the Book was abolished) though any jurymen who objects to be sworn in this manner may take the oath in any fashion which is binding upon his conscience. As soon as the jury are sworn an outline of the charge against the prisoner is read over by the clerk of arraigns or the clerk of the peace. The trial then proceeds and the verdict. Guilty or Not guilty is delivered through the foreman of the jury. The jury must be unanimous. If unanimity cannot be obtained the jury are generally discharged though according to an old law they might be kept in confinement until a verdict one way or the other is arrived at. By Scotch law there is a third verdict possible viz. not proven. This is unknown to English law. When a verdict of a jury has been given a prisoner cannot be tried again for the same offence as has been already mentioned.

In order that there might be no possibility of tampering with jurymen it was not permitted for them to separate in cases of felony when once a trial had commenced until a few years ago. At the

present day there is no rigid confinement unless the charge is one of treason or murder.

In cases of misdemeanour (q.v.) the jury are sworn in a similar manner although the form of the oath is slightly different. This is a matter of practice and needs no further notice here.

No payment is made to a jurymen for his services in a criminal case.

**Jury of Matrons.** This is a jury composed of twelve women only summoned on very rare occasions viz. when a woman has been condemned to death and she alleges that she is pregnant. The jurors must consist of married women and they are duly empanelled to inquire and examine whether the allegation is well founded. If the verdict is to the effect that the prisoner is pregnant the sentence of execution is postponed.

**Civil Law Special Jury.** In civil cases it sometimes happens that the questions to be raised are of very great importance and one or both of the parties may be desirous that the jurors shall be men of high standing and superior education. Then it is the duty of the authorities to call a special jury instead of a common jury. It consists of twelve men. Generally speaking a man is qualified to act as a special jurymen if his name is on the jurors book for any county and he is legally entitled to be called as a juror, if he is a person of higher degree or is a banker or merchant or occupies a private dwelling house rated and assessed at not less than £100 in a town containing 20,000 inhabitants or more and at £50 in a less populous place or occupies premises other than a farm assessed at £300 or more. In all ordinary respects does not differ from a common jury. A special jury a great difference as to remuneration. A special jurymen receives one guinea for each case in which he is sworn. The person who demands the special jury is primarily responsible for the twelve guineas which have to be paid, but if he wins his case he may obtain a certificate from the judge throwing upon the losing party. This will depend upon whether the judge considers the case one which ought to be tried by a special jury. Some times an arrangement is made between the parties to the suit which is being tried that the remuneration shall be increased if the trial extends over a considerable period of time.

It will be readily understood that a special jury in the Mayor's Court (q.v.) is perhaps the finest county courts.

Jurors are summoned to the High Court in called upon to do the duties by the sheriff and are before the case is announced. They are chosen by the clerk of the court. Having been chosen as the verdict is given through the foreman. Although a decision of the jury is made by the unanimous promise is frequently made and the opinion of the majority prevails. Sometimes the parties are asked to accept the verdict of the majority. The particular jury is asked to arrive is denoted by the presiding judge or his summons.

**Common Jury.** The common jury is in many respects the same as a special jury except that the qualifications are lower. They are sworn and then

return their verdict in the same manner as a special jury

**Mayor's Court and County Courts.** In the Mayor's Court (in which a special as well as a common jury may be held) the jury consists of twelve men, but in county courts the number is eight. In each of them the jury is sworn in the same manner as in the High Court.

Although, as already stated, there is no payment of jurymen in criminal cases, a common jury in civil cases are remunerated for their services. In the Law Courts in London and in county courts each common jurymen receives 1s per case. At the assizes the usual payment is 1s 6d per case, whilst in the Mayor's Court the sum of 4d (the old groat) is awarded. Again, when jurymen are required to view any particular place connected with the case which is being tried, an allowance of 5s may be made.

**Coroner's Juries.** There appears to be no qualifications at all for jurors in a coroner's court. Male persons who are summoned must attend, and if there are not sufficient present at an inquiry, the officer of the court may go out and compel persons who are passing or who are in the immediate neighbourhood to come in and act. This is then called a "tales" jury, derived from the Latin phrase *tales de circumstantibus, &c.*, "such of those who are about." The jury must consist of not less than twelve nor more than twenty-three, so that a majority of twelve may be obtainable.

The jury system in Ireland closely resembles that of England, but in Scotland there is a difference. The qualification of a special juror is paying "cess" on £100 rent, or taxes on a house of £30 annual rent, or being "infeft" in lands or heritages in Scotland of an annual rental of £100, or being worth £1,000. A common juror is a person who is seised of lands

or tenements of the value of £5 per annum, or who has personal property to the extent of £200. The age limit is as in England—twenty-one to sixty. In criminal trials the number of the jury is fifteen; and a verdict of the majority is enough.

**JUSTICE, HIGH COURT OF.**—(See HIGH COURT.)

**JUTE.**—An important Indian fibre obtained from the *Cochorus capsularis* and *Cochorus olitorius* of Bengal. The fibre is the inner bark of the plants, and is separated from the woody stalk by prolonged steeping in water. This process is known as retting. It is thought that the quality of the jute would be greatly improved if a better method could be devised for separating the fibre from the stalk. The best qualities of jute have a brownish yellow tint and a silky lustre, which has led to its employment in adulterating or imitating silk fabrics. The processes of spinning and weaving jute are similar to those used for flax, but the machinery is heavier. The fibre takes brilliant dye colours readily, and millions of small, brightly-dyed prayer carpets are exported from Dundee for the use of Mahometans. The manufacture of jute only began to acquire importance about the middle of the nineteenth century, when the improvement in spinning machinery made its working easy. The making of jute bags or gunny bags (*qv*) for the packing of grain, seed, salt, etc., is an important industry of Lower Bengal, which exports them in large quantities to the United States, Australia, and other parts of the world. Dundee is the chief centre of the jute trade in Great Britain, floor-cloths and inferior carpets, sackings, matting, and tarpaulins, stage wigs, and hair pads being among the articles produced, while the coarser varieties are used for cordage and paper.

**JUVIA.**—A local name for the Brazil nuts of commerce.

**KAT**—The leaves of the *Catha edulis* and *Catha spinosa* which are chewed by Abyssinians and Arabians on account of their stimulating properties. The trade in the article is practically confined to Aden.

**KAFFIR CUP**—This is the name applied on the Stock Exchange to the market in South African shares.

**KAFFIR CORN**—The South African name for a species of durra (*gr*) or Indian millet mainly used as a cattle food though a fermented liquor is also prepared from it. This is known as Kaffir beer. It has a sour taste and an unpleasant smell but is of some value medicinally.

**KAFFIRS**—A common name in Stock Exchange parlance applied to South African mining shares.

**KAINIT**—A yellowish mineral occurring in Bavaria. It consists of magnesium sulphate and potassium chloride. It is largely used in the preparation of salts of potassium and as a manure.

**KALE**—A hardy species of cabbage with open leaves. Sea-kale is a more choice vegetable obtained from the stems of the *Crambe maritima*.

**KALUM**—Another name for potassium.

**KALILA**—An orange-coloured powder used in India as a dye for silk goods. It is obtained from the small glands covering the seed capsules of the *Mallotus philippinensis* a native of India. It has also some medicinal value as a purgative owing to the presence of a resin. Wurris is another name for the same article.

**KAL**—(See FOREIGN WEIGHTS AND MEASURES—HOLLAND.)

**KANGAROO**—The flesh of these Australian marsupials was formerly used as a food by the natives and a soup is still made from the tails. There is also a certain demand for the soft woolly fur of the smaller specimens but the principal commercial value is in the skins of which large quantities are exported to Great Britain and the United States for the manufacture of gloves and boots.

**KANGAROO**—This is also a Stock Exchange name given to West Australian mining and land shares.

**KANDY**—(See FOREIGN WEIGHTS AND MEASURES—DENMARK.)

**KANNE**—(See FOREIGN WEIGHTS AND MEASURES—GERMANY.)

**KAO LIN**—A pure white clay consisting of hydrated aluminium silicate. It results from the decomposition of felspar water replacing the potash and part of the silica. It owes its name to Kiating the Chinese mountain where it was first found. Hence it is also known as China clay. There are deposits at Limoges (in France) in Nebraska (United States) Saxony, Thuringia the East Indies Japan and Australia but the chief British supplies come from Cornwall where kaolin was discovered in 1750. Kaolin is used in the manufacture of the finest kinds of porcelain and is the basis of various sizes useful in paper making and for

loading the commoner varieties of cotton fabrics. It is also much employed in the adulteration of starchy products and in the preparation of alum, artificial ultramarine and other pigments.

**KAPOK**—Also known commercially as *ettable* down. It is a downy substance obtained from the seeds of the *Bombax malabaricum* a tree growing in the Dutch East Indies to which the Dutch name kapok is due. Holland imports large quantities which are used as a substitute for real down for stuffing cushions etc.

**KAURI**—The magnificent New Zealand pine which is valuable for its white durable timber used for planks masts paving etc. and also for the well known gum of the same name which is used in the manufacture of varnishes. There is a large export trade from Auckland to Great Britain and the United States.

**KEEL**—Keel is the backbone of a ship running longitudinally along the middle of the bottom. It consists of massive timbers fastened together lengthwise. From it spring on either side the ribs on which the ship's sides are laid and from it at the bow and stern respectively the stem and the stern post. It is usually protected by strong iron binding so that the keel may be as little injured as possible in the event of the ship taking the ground. On the Tyne keel is the name given to a flat bottomed vessel used to carry coal to the offiers.

**KEELAGE**—Keelage is a toll for every vessel coming within the port.

**KEEPING HOUSE**—A debtor is said to keep house when he confines himself to his home and refuses to grant an interview to any of his creditors who call upon him at a reasonable hour. The legal and commercial importance of the term consists in this that if a debtor thus begins to keep house he commits an act of bankruptcy upon which a petition may be filed. (See ACT OF BANKRUPTCY.)

**KFKUNE OIL**—A medicinal oil without taste or smell obtained by boiling the seeds of the *Aleurites tribella*.

**KELP**—Seaweed ash important at one time chiefly for the soda obtained from it and more recently as the source of iodine (*gr*) and potash. Since cheaper methods of preparing these substances have been discovered kelp has lost its importance though there is still some trade in the article in the west of Scotland and in the north west of France.

**KFA**—(See FOREIGN WEIGHTS AND MEASURES—JAPAN.)

**KENTLEDGE or KINTLEDGE**—This is the name which is applied to the permanent ballast of a ship and which is considered to be a part of the ship itself. Such ballast usually takes the form of pieces of iron or some other weighty substance.

**KILMES**—A scarlet dye resembling cochineal obtained from the dried bodies of certain female insects which live on the *Quercus coccifera* an oak of South Europe. Since the introduction of the aniline colours the trade in this article has rapidly

return their verdict in the same manner as a special jury.

**Mayor's Court and County Courts.** In the Mayor's Court (in which a special as well as a common jury may be held) the jury consists of twelve men, but in county courts the number is eight. In each of them the jury is sworn in the same manner as in the High Court.

Although, as already stated, there is no payment of jurymen in criminal cases, a common jury in civil cases are remunerated for their services. In the Law Courts in London and in county courts each common jurymen receives 1s per case. At the assizes the usual payment is 1s 6d per case, whilst in the Mayor's Court the sum of 4d (the old groat) is awarded. Again, when jurymen are required to view any particular place connected with the case which is being tried, an allowance of 5s may be made.

**Coroner's Juries.** There appears to be no qualifications at all for jurors in a coroner's court. Male persons who are summoned must attend, and if there are not sufficient present at an inquiry, the officer of the court may go out and compel persons who are passing or who are in the immediate neighbourhood to come in and act. This is then called a "tales" jury, derived from the Latin phrase *tales de circumstantibus*, i.e., "such of those who are about." The jury must consist of not less than twelve nor more than twenty-three, so that a majority of twelve may be obtainable.

The jury system in Ireland closely resembles that of England, but in Scotland there is a difference. The qualification of a special juror is paying "cess" on £100 rent or taxes on a house of £30 annual rent, or being "infest" in lands or heritages in Scotland of an annual rental of £100, or being worth £1,000. A common juror is a person who is seized of lands

or tenements of the value of £5 per annum, or who has personal property to the extent of £200. The age limit is as in England—twenty-one to sixty. In criminal trials the number of the jury is fifteen, and a verdict of the majority is enough.

**JUSTICE, HIGH COURT OF.**—(See HIGH COURT.)

**JUTE.**—An important Indian fibre obtained from the *Cochorus capsularis* and *Corchorus olitorius* of Bengal. The fibre is the inner bark of the plants, and is separated from the woody stalk by prolonged steeping in water. This process is known as retting. It is thought that the quality of the jute would be greatly improved if a better method could be devised for separating the fibre from the stalk. The best qualities of jute have a brownish yellow tint and a silky lustre, which has led to its employment in adulterating or imitating silk fabrics. The processes of spinning and weaving jute are similar to those used for flax, but the machinery is heavier. The fibre takes brilliant dye colours readily, and millions of small, brightly-dyed prayer carpets are exported from Dundee for the use of Mahometans. The manufacture of jute only began to acquire importance about the middle of the nineteenth century, when the improvement in spinning machinery made its working easy. The making of jute bags or gunny bags (*gv*) for the packing grain, seed, salt, etc., is an important industry. Lower Bengal, which exports them in large quantities to the United States, Australia, and other parts of the world. Dundee is the chief centre of the jute trade in Great Britain, floor-cloths and inferior carpets, sackings, mattings, and tarpaulins, staves, wigs, and hair pads being among the articles produced, while the coarser varieties are used for cordage and paper.

**JUVIA.**—A local name for the Brazil nut in commerce.

Transport is chiefly by means of porters and pack animals but under the new regime good roads are being made and railways are working from Seoul to Fusan Chemulpo and Wiju. Eventually these will connect with the Chinese and Siberian railways.

The chief exports are rice, beans, ginseng, hides and gunseong, and the imports—cotton goods and yarn, iron and wool, silk, tobacco and timber. Most of their trade is with Japan, after which come China, Great Britain and the United States.

Seoul, the capital, with a population variously estimated at from 150,000 to 200,000, is the largest town and the seat of government.

The open ports are Chemulpo, Fusan, Wonsan, Chinnampo, Mokpo, Kusan, Masampo, Songchun, Pingyang, Wiju, Yongam, Po and Chungjin.

Mails are despatched as to China and Japan, the time of transit to Seoul being about forty days.

For map see JAPAN.

**KORREL** — (See FOREIGN WEIGHTS AND MEASURES—HOLLAND.)

**KOTIE** — (See FOREIGN WEIGHTS AND MEASURES—GREECE.)

**KOUMISS** — Also spelt kumiss. The name given in Russia to fermented liquor prepared from mares' milk, which is first soured. It is said to have some medical value in cases of consumption of the lungs.

A similar beverage has been made in England from the milk of asses.

**KRAN** — (See FOREIGN MONIES—PERSIA.)

**KRONE** **KRÖNEN** — (See FOREIGN MONIES—AUSTRIA.)

**KRONEP** — (See FOREIGN MONIES—NORWAY.)

**KUKUI OIL** — The product of a tree found in the Pacific Islands. It is used as an illuminant by the natives and is sometimes employed in Britain for mixing colours.

**KUMEL** — A liqueur made chiefly in Russia from strong spirit flavoured with caraway seeds and cummin. Large quantities are exported from Russia.

**KUNDAM OIL** — The product of a West African tree. It has some value as a purgative but is mainly used by the natives as an illuminant.

**KUSHUS** or **CUSCUS** — An Indian grass, with fibrous, odoriferous roots, which when dried are known as vetiver and are used in the manufacture of light articles such as screens, baskets, fans, etc. An oil is extracted from vetiver which is useful in perfumery and is also employed for keeping clothing free from moths.

**KWAN** — (See FOREIGN WEIGHTS AND MEASURES—JAPAN.)

**KIBOS** — (See FOREIGN WEIGHTS AND MEASURES—GREECE.)



declined. The same name is also given to a red-brown mineral prepared from sulphides and oxides of antimony, of which the powdered form is sometimes used in pharmacy.

**KEROSENE**.—Actually a distillate of petroleum, but frequently used to include all illuminant mineral oils. There are large exports from the United States and Russia.

**KETTE**.—(See FOREIGN WEIGHTS AND MEASURES—GERMANY.)

**KEY REGISTER**.—This is a book which is kept at the head office of a bank, containing a full list of all the keys of the safes, strong rooms, etc., at the head office and the branches, as well as the names of the persons who are in possession of the keys.

**KID SKINS**.—The skins of young goats used for glove-making, though many of the so-called "kid gloves" are made of lamb skins. Goat skins and kid skins are imported from the Cape, Switzerland, and Asia Minor.

**KIDDERMINSTER**.—The name of a sort of carpet, so-called from the town in Worcestershire which first produced it. Carpets of various kinds, including Brussels, Wilton, and Axminster, are now made at Kidderminster, which has been noted for this industry since the earlier half of the eighteenth century.

**KILDERKIN**.—A small barrel containing 18 gallons.

**KILOGRAMME**.—The unit of weight in the metric system (*qv*). It consists of 1,000 grammes. Compared with English weights, it is equivalent to 2.20462 lbs avoirdupois or rather more than 2½ lbs.

**KIMMERIDGE CLAY**.—A bluish-grey, shaly, bituminous clay found in various parts of England, especially at Kimmeridge, in the Isle of Purbeck. It frequently contains combustible oil shales and various other substances.

**KIN**.—(See FOREIGN WEIGHTS AND MEASURES—JAPAN.)

**KINDERSCOT GRIT**.—Gritty sandstones found chiefly in Yorkshire and Derbyshire. They are quarried in large massive blocks at Eyam, in the latter county, and are used for reservoirs, foundations, engine-beds, and building purposes generally.

**KING'S BENCH DIVISION**.—(See HIGH COURT.)

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**KING'S REMEMBRANCE**.—(See REMEMBRANCE, KING'S.)

**KINGWOOD**.—A beautiful wood, sometimes streaked with violet, and hence known also as violet wood. It is imported from Brazil, and much valued by cabinet-makers.

**KINO**.—The red, resinous exudation of the *Pterocarpus marsupium*, a leguminous tree of Madras and Ceylon, and of the *Butea frondosa* of Bengal. It contains about 75 per cent of tannic acid and greatly resembles catechu in its properties being used in tanning and dyeing, and also medicinally as an astringent. It is sometimes employed in the preparation of certain red wines.

**KIKAT**.—(See FOREIGN WEIGHTS AND MEASURES—EGYPT.)

**KIRSCHWASSER**.—The German word for cherry water. It is a liqueur made principally in Germany, Holland, and Denmark by crushing cherries with their kernels and steeping them in grain oil and water. After distillation the liquid is sweetened and allowed to ferment. In some cases the cherry juice is mixed with strong spirit and various aromatics.

**KITT**.—(See ACCOMMODATION BILL.)

**KITE-FLYING**.—The dialing in fictitious or accommodation bills.

**KITT FOX**.—The smallest fox of America. Great Britain does a large import trade in the skins.

**KITTOOL**.—A fibre obtained from the leaves of the *Caryota ureas*, a palm growing in Ceylon. Fishing lines and brush bristles are made of it. It is also called Indian gut.

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**KOKRA WOOD**.—A hard, close-grained wood of a deep brown colour, obtained from India and Burmah, and used for the manufacture of flutes and other musical instruments.

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**KOKUM BUTTER**.—The main constituent of certain ointments and other medicaments. It is a semi-solid, fatty substance obtained from the *Garcinia purpurea*, a plant found in India.

**KOLA NUTS**.—The bitter seeds or nuts of the *Cola acuminata*, a tree of tropical Africa, valued by the natives for the alkaloid they contain, which is the same as that present in tea and coffee. In addition to their use as a stimulant, the nuts are used medicinally for liver affections, diarrhoea, etc., and also as an adulterant of cocoa. France and Germany import large quantities (mainly for the last-named purpose) from the west coast of Africa. Another name for the same product is *Guru nuts*.

**KOLINSKI**.—A species of mink exported from Siberia to Leipzig, where the skins are made up into muffs, stoles, capes, etc. Fine paint brushes are made from the tail of this animal.

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**KOREA**.—Korea is a mountainous peninsula on the east coast of Asia, lying on the opposite side of the Sea of Japan to the largest of the Japanese Islands and in the same latitude. It has an area of 86,000 miles and a population of five or six millions. (The former estimate of 10,000,000 is found to be excessive.)

The eastern shores are steep and mountainous, but those on the west are low. The Han is navigable for 160 miles, but most of the rivers are short, shallow, and rapid, and navigable only near the sea. Except during the hot, rainy season, the climate is suitable for Europeans.

Formerly a dependency of China, it is now practically a dependency of Japan, although its Emperor is nominally an independent sovereign, there being a Japanese Resident-General at Seoul, the capital.

The soil is fertile, and agriculture is the only occupation of importance, rice, wheat, beans, and cotton being grown in the south, and millet and oats in the north. Copper, iron, and coal are known to be abundant, and an American company is working gold near Wonsan.

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**KIBOS** — (See FOREIGN WEIGHTS AND MEASURES—GREECE.)



of every metropolitan poor law union. A central committee for the whole of the administrative county of London was also created. The central committee consists of members selected by the district committees, members selected by the London County Council, certain members co-opted or chosen by those already elected and finally of persons nominated by the Local Government Board. One member at least must be a woman.

**The Distress Committee.** The duties of the distress committee are to make themselves acquainted with the conditions of labour within their area, to consider applications made by persons unemployed to see that the applicant has resided in London for twelve months previously, to endeavour to obtain work for the applicant or in a suitable case to refer it to the central committee. The central committee must superintend the action of the local committees, assist labour exchanges and employment registers, collect information, assist an unemployed person to emigrate or to remove to another area and to provide or assist in providing temporary work.

The expenses of the central body must be defrayed out of a central fund and this fund must consist of voluntary donations and of contributions made by each metropolitan borough council. The contribution from the rates must not exceed  $\frac{1}{2}$  in the £ or 1d. with the consent of the Local Government Board. The provision of work or other assistance shall not disqualify a voter from voting as a parliamentary county or parochial elector or as a burgess. The City of London is treated as if it were a metropolitan borough. If any borough or district near London desires to apply for the provisions of the Act the thing may be done if the Local Government Board consents.

Country boroughs and districts may also be brought within the Act by order of the Local Government Board. The population must be not less than 50,000. A distress committee must be appointed with powers and duties similar to those of the metropolis. A municipal borough or urban district with a population of not less than 10,000 may apply to the Local Government Board for their consent to establish a distress committee. Central committees may also be established in any county or part of a county by order of the Local Government Board. The duties of the committees outside the metropolis are the same as those within. The expenses come out of the county fund if it is a county committee, and in the case of a borough out of the borough fund or borough rate.

Where any body is already in existence for the purpose of dealing with unemployment such body may be temporarily constituted as a distress committee for the purposes of the Act by order of the Local Government Board.

The Local Government Board has power to make the following regulations for the guidance of distress committees. Conditions under which an application may be entertained, emigration, removal, farm colonies, temporary accommodation for persons working on the land, officers, officers and inspectors, receipts and expenditure, audit of accounts, borrowing of money, co-operation between one body and another local enquiry. The Act applies to England, Wales, Scotland and Ireland and was originally limited so as to be in force for three years.

**LACAN (BRITISH).**—(See BORNEO p. 221.)

**LAC.**—A resin found on the twigs of certain Indian trees of the *Acacia* family. The incrustation

known as stick lac is produced by the insect *Coccus lacca* and has the appearance of a rough outer layer of bark. Seed lac is obtained by soaking and beating stick lac. From melted seed lac thin brittle red flakes are prepared which form the shellac of commerce. Lac is the basis of lacquer and of many other varnishes and polishes. It is also used for making sealing wax and for stiffening the calico frames of silk hats. In the East it is employed to decorate the surface of trays, vases, etc., and as a coating for wooden toys. Lac dye is a red colouring matter used for silk and leather goods.

**LAC or LAKE.**—A Hindustani term used in the East Indies for the computation of money. It signifies 100,000. A lac of rupees is generally written Rs 1,00,000. Similarly, twenty-five lacs are denoted Rs 25,00,000. A hundred lacs is known as a crore.

Taking the value of the rupee at 1s 4½, a lac of rupees in English money is worth about £667. (See FOREIGN MONIES—INDIA.)

**LACE.**—The best lace is produced entirely by hand on a foundation of parchment bearing the design. Needle point or point à l'aiguille is as its name implies made with the aid of the needle alone. The best specimens of needle lace are the *point d'Alençon* and the *point de Bruxelles*, though the name in the latter case is sometimes applied to a pillow lace. Duchesse lace is another beautiful variety of Belgian pillow lace which is made by fixing the parchment pattern to a cushion and tracing the design by means of pins round which the lace thread is worked from a number of bobbins. These two hand-made laces are usually named after the places chiefly in France, Belgium, and Italy, where they are made. Thus we have varieties known as Alençon, Valenciennes, Languedoc, Cluny, Lille, Brussels, Mechlin, or Malines, and Venice point. Linen is the foundation of most laces; the fine linen yarn for this purpose being made chiefly at Courtrai and in Westphalia, but for some, e.g. Maltese and so-called Spanish lace (made now in Flanders), silk threads are used, while for special purposes metallic threads of gold, silver, etc., are employed. In England the best hand-made lace is produced at Honiton in Devonshire. Torchon lace is a cheap variety made by peasants in Belgium and Switzerland, and guipure is a name applied to several kinds which produce a raised effect and have no net foundation. The famous Irish lace is a species of crochet work.

Imitation lace is made by machine. Since machine-made net was produced towards the end of the eighteenth century enormous progress has been made owing to the wonderful mechanism of the lace-making machines. Nottingham is the centre of the English trade, but its output is practically consumed by the home market.

**LACHES.**—A term used in English law to signify delay. It is mainly used in applying the rules of equity, which has for one of its maxims that equity will only assist those who come for aid provided they act with expedition. If therefore a person has a right to relief and does not trouble to assert it except after a long period, the court will render him no assistance unless he can explain his delay. This equitable doctrine is analogous to the Statute of Limitations (q.v.).

**LACQUER.**—The name given to a transparent varnish prepared by dissolving shellac in alcohol. The colour being obtained by an addition of dragon's blood, gamboge, sandarach or other substance. It

is used to coat brass and other metal articles in order to heighten the colour, improve the surface, and prevent tarnishing. The process resembles that adopted in japanning (*qv*). The durable lacquer of Japan is prepared from the sap of the *Rhus vernicifera*, the lacquer varnish tree. It is superior to every other variety, being practically imperishable, and lacquer goods from Japan have long been noted for their beauty and finish. They consist principally of wooden articles, such as trays, boxes, cabinets, etc.

**LADING, BILL OF.**—(See **BILL OF LADING**)

**LADY DAY.**—The feast of the Annunciation—March 25th. This is one of the quarter days in England and Ireland. (See **QUARTER DAYS**)

**LÆST.**—(See **FOREIGN WEIGHTS AND MEASURES**—**DENMARK**)

**LAGAN.**—These are goods of a weighty character thrown overboard to lighten the vessel, but kept from sinking by being buoyed, so that they may be subsequently recovered.

**LAISSER FAIRE.**—The economic doctrine which is conveniently summed up in the idea that things should be allowed to take their own course, and that no interference should be permitted on the part of the State in the shape of regulations or otherwise. The origin of the doctrine is attributed to Legendre, a Frenchman, in 1680. Though in full force during the greater part of the nineteenth century, *laissez faire* has lost much of its popularity. The principle of the doctrine was carried into practical politics by the members of the so-called Manchester School—the most eminent of the members of which were Cobden and Bright—but here also a change has taken place, Government control becoming more and more the rule instead of the exception.

**LAME DUCK.**—A defaulter on the Stock Exchange, who, being unable to pay his differences to meet the claims made upon him, is hammered (*qv*) and expelled from the House.

**LAMB SKINS.**—These are imported from Hungary, Greece, and South Russia for use in the manufacture of so-called "kid" gloves. The Crimea and Astrakhan supply the black varieties.

**LAMETTA.**—Thin plates of gold, silver, copper, etc. The word is Italian.

**LAMMAS DAY.**—August 1st, one of the Scottish quarter days. Old Lammas Day is August 12th. (See **QUARTER DAYS**)

**LAMPBLACK.**—The black substance consisting chiefly of carbon obtained from the combustion of camphor, resin, petroleum, tar, pinewood, etc. It is sometimes employed in currying leather, but its main use is as a pigment valuable in the preparation of printing ink, Indian ink, carbon paper, oil and water colours, etc.

**LANA.**—(See **FOREIGN WEIGHTS AND MEASURES**—**RUSSIA**)

**LANCEWOOD.**—A tough, elastic wood obtained from the straight main trunk of two West Indian trees, the principal being the *Gualteria virgata* of Jamaica. It is used for billiard cues and archers' bows, but the properties enumerated above make it peculiarly suitable for shafts and carriage poles, for which it is in great demand, but the prices are high owing to its scarcity.

**LAND CERTIFICATE.**—This is a certificate under the seal of the Land Registry, which contains complete copies of the entries that have been made in the register. The person to whom it is issued is the owner of the land. The certificate shows whether the owner has an absolute title or only a possessory title, i.e. one which he has acquired merely by

occupation for a period and from which he cannot be ousted.

**LANDING ACCOUNTS.**—Documents compiled by dock companies and warehouse-keepers showing, with respect to the goods landed at their wharves—

(1) The ship from which the goods were landed

(2) The marks, numbers, and weights of the packages

(3) The date from which the rent payable for wharfage commences

**LANDING BOOK.**—The book from which the landing accounts (*qv*) are made up.

**LANDING ORDER.**—When a ship arrives in port, it is searched to see what dutiable goods are on board, and after the search is completed and the duties, if any, are paid by the importer, an order is delivered to the chief officer of the ship, permitting him to land the goods.

**LANDING WEIGHT.**—This is the actual weight of the cargo of a vessel as it is taken out. A shipowner not infrequently reserves to himself the right, in cases of a contract of affreightment, to charge the freight upon the weight of the cargo either at the time of shipment or at the time of landing. The choice will depend almost entirely upon the character of the cargo—some goods increasing in weight, whilst others decrease during the period of transit.

**LANDLORD AND TENANT.**—The relationship of landlord and tenant arises wherever a person who has a legal estate (*qv*) in houses or lands grants to another person a smaller legal estate in the same in consideration of a payment called rent. Speaking generally, it is immaterial what is the exact nature of the property let—it may be a piece of land, a house, a shop, or even a portion of either of these two latter. The same principles are applicable to each. There are exceptions, mainly in the case of agricultural holdings, but these are sufficiently noticed in the article under the heading **AGRICULTURAL HOLDINGS ACTS**, and need no further special notice here.

Unless there is an actual letting, the relationship of landlord and tenant cannot arise. Mere possession of a house or land signifies nothing of itself. The holder may be a mere trespasser, and though circumstances may alter the position subsequently, there can be no claim for rent made by an owner under an original wrongful entry. He may take proceedings to eject the trespasser, and may claim damages, but this procedure has nothing to do with the present article.

Before letting, a landlord will generally make inquiries as to the financial standing of the proposed tenant. If he takes a reference, it must be in writing, otherwise he cannot succeed in an action for deceit (*qv*). What caution the landlord will show will depend upon his individuality. Similarly, a prospective tenant should be careful in ascertaining the condition of the property he is desirous of taking, in stipulating as to the condition of the drains and the carrying out of repairs. It is unwise to trust to verbal arrangements. It cannot be too carefully remembered that in the absence of any undertaking a landlord is practically bound to do nothing, except in so far as he has been bound by recent Acts relating to sanitation, etc. The tenant must take the house as he finds it, and there is no implied condition that the place is even fit for habitation, unless the house is let furnished, or is let unfurnished to a person of the working classes for human habitation. In these two cases, there is

an implied condition that the house or the part of a house if only a part is let is fit for human habitation at the commencement of the tenancy. This only applies to houses of a certain rateable value viz not exceeding £20 in London £13 in Liverpool £10 in Manchester or Birmingham and £8 elsewhere and the expression working class includes mechanics artisans labourers and others working for wages hawkers costermongers persons not working for wages but at some trade or handicraft without employing others except members of their own family and persons other than domestic servants whose income in any case does not exceed an average of 30s. a week and the families of any such persons who may be residing with them.

When the landlord is the owner of considerable property he not infrequently leaves the matter of letting in the hands of a house agent. As these agents are invariably paid by commission great care is required in dealing with them. The prospective tenant must not take everything on trust unless he knows that he is dealing with a person of good reputation and standing or he may find himself seriously involved. The landlord also must be careful in the letting of his property he employs more than one agent. The question of the person who is entitled to commission then frequently arises. As a rule however it is the one who carries the negotiations for a tenancy to a successful issue who is alone entitled to reward.

The first kind of tenancy to be noticed is that created by lease. Without referring to any historical developments it may be stated that since 1845 the law has been fixed that all leases for a period exceeding three years must be by deed. If a person goes into possession of land under a mere verbal agreement the period agreed upon being more than three years the landlord can treat him as a tenant at will and the landlord may terminate the letting without notice. There is however this exception. If the tenant has paid to the landlord any rent agreed upon the tenancy is converted from one at will to a yearly tenancy and then all the incidents of a yearly tenancy apply. If instead of entering under a verbal agreement there has been a formal agreement made in writing and this agreement has been stamped as a lease and the tenant has actually gone into possession then although there is no deed (as there should be) supposing of course that the term agreed upon is for a period exceeding three years the agreement since the Judicature Acts is just as effective as a deed. It was said in the case of *Iliah v. Lonsdale* (1887) 21 Ch D 91. A tenant holding under an agreement for a lease of which specific performance would be decreed stands in the same position as to liability as if the lease had been executed. He is not since the Judicature Act a tenant from year to year he holds under the agreement and every branch of the court must now give him the same rights. There is an agreement for a lease under which possession has been given. Now since the Judicature Act the possession is held under the agreement. There are not two estates as there were formerly one estate at common law by reason of the payment of the rent from year to year and an estate in equity under the agreement. There is only one court and the equity rules prevail in it. The tenant holds under an agreement for a lease. He holds therefore under the same terms in equity as if a lease had been granted.

both parties admit that relief is capable of being given by specific performance.

If there is no deed no agreement in writing and no entry into possession no action can be taken at all.

The preparation of a lease is a matter requiring great care especially if the term is to be a lengthy one. The landlord is parting with the control of his property except in so far as there are stipulations to the contrary and he wishes to be secured at the termination of the tenancy. No precedent or series of precedents can apply to every conceivable case but the form of lease given as an inset contains the principal terms which are to be found in the majority of leases.

The first covenant refers to the rent payable and the dates upon which it is to be paid. Unless it is agreed that there is to be no rent paid in the absence of any stipulated sums the rent must be the reasonable value of the premises. No abatement is legally claimable by the tenant if the premises are destroyed by fire or other inevitable accident during the currency of the lease. Nor can the tenant compel the landlord to rebuild. Hence the necessity for insurance as noticed later for if the premises are insured the tenant can request the insurance company to expend the insurance money in reinstating him. Of course the burden on the tenant may be very heavy where the term is of long duration. If the tenancy is short—for the position is the same whether the term is long or short—the tenant if he cannot be reinstated at once should give notice to quit at the earliest opportunity. In the case of a lease or an agreement he cannot quit until his term has expired but the length of notice in other cases is dependent upon the nature of the tenancy (*infra*). The rent is due on the dates named in the lease. In other cases it is generally made payable on the usual quarter days though the parties are at liberty to arrange any different modes of payment they choose. But although the rent is due at sunrise upon the day on which it is payable it is not in arrear until midnight of that day and therefore a landlord cannot take any proceedings to recover the same by distress or otherwise until the following day. The tenant is not entitled to make any deduction from his rent unless he has been compelled to make payments on behalf of his landlord for which the latter alone is liable and the non payment of which might have resulted in a disturbance of his enjoyment of the premises. Rent is sometimes made payable in advance. This is done so as to give the landlord the right to distrain if necessary before the termination of the lease for it will be noticed (see Distress) that generally speaking a distress must be levied on the demised premises. There is a risk attached to this payment in advance if the premises are mortgaged and a tenant should not allow this covenant to be inserted in the lease unless the term is to be a short one. The payment of rent must be in legal tender (*q.v.*) and the proper place of payment is the demised premises unless there is an agreement to the contrary or the tenant has expressly bound himself to pay the rent when he must seek out the landlord. Rent can be recovered either by distress (*q.v.*) or by action at law.

The second covenant refers to the payment of rates taxes etc. The landlord and the tenant are equally anxious to throw the burden of this covenant upon the other. Of course there are certain taxes which each is legally compellable to pay.



the landlord has to pay property tax, tithe rent charge, and extraordinary tithe rent charge, whilst the tenant is primarily responsible for poor rates, general district rates, assessed taxes, water rates, and gas rates. In practice, however, it is the general rule for the tenant to pay the property tax and to deduct the amount from the next payment of rent to the landlord. As to all other rates and taxes, the covenant cannot be too explicit, owing to the curious and conflicting decisions given by the courts in the construction of the commonly used clause: "Charges, duties, impositions, and outgoings."

The third covenant deals with repairs. It has been already stated that the tenant takes the premises as they are, and the landlord cannot be held liable for anything that happens in the absence of a special agreement to repair. The tenant has to pay his rent in spite of everything. On the other hand, if the tenant covenants to repair in a general sense, he may find himself saddled with enormous liabilities. Thus, if the covenant is to repair and to keep in repair, and there is no exception made, the tenant would be liable to rebuild the premises in case they were destroyed by fire or other accident. To prevent this, it is generally covenanted that the premises shall be kept in good tenantable repair, reasonable wear and tear excepted, and damage by fire or other accident being expressly excluded. A learned writer on "Landlord and Tenant" has said: "Probably the commonest form of the undertaking on the part of the tenant is to lease the premises in 'tenantable' repair. This means—and 'good' repair is much the same thing—such repair as having regard to the age, character, and locality of the premises would make them reasonably fit for the occupation of a reasonably-minded tenant of the class who would be likely to take them. Under such a covenant the tenant at the end of his term is not liable for repairs of a decorative kind (e.g., painting, papering, whitewashing, etc.), unless they are necessary to prevent the fabric of the premises from going into decay, or unless they are otherwise necessary to make the premises reasonably fit for the reception of a new tenant of the kind described, nor is he, so long as he fulfils the condition, bound in making such repairs to employ materials of the same kind or value as were used when the tenancy began." These remarks are founded in the main upon the leading cases of *Proudfoot and Hart* (1890, 25 Q.B.D. 42), which is always referred to when this question of repairs arises. On the other hand, the case of *Lurcott v Wakely and Wheeler* (1911, 1 K.B. 905) is worthy of notice, as showing what a differently worded covenant may lead to. The head note in that case is as follows: "A lease of a house in London contained a covenant by the lessee to substantially repair and keep in thorough repair and good condition the demised premises, and at the end or sooner determination of the term to deliver up the same to the lessors so repaired and kept." Shortly before the expiration of the term the London County Council served a notice on the owner and occupiers requiring them to take down the front external wall of the house to the level of the ground floor as being a dangerous structure, and the plaintiff called upon the defendants to comply with the notice, which they failed to do. After the expiration of the term, the plaintiff, in compliance with a demolition order of a police magistrate, took down the wall to the level of the ground floor, and then, in compliance with a further notice of the London County Council, took

down the remainder of the wall and rebuilt it in accordance with modern requirements. The house was very old, and the condition of the wall was caused by old age, and the wall could not have been repaired without rebuilding it. Held, that the defendants were liable under the covenant to recoup the plaintiff the cost of taking down and rebuilding the wall."

In the case of tenancies of short duration, i.e., for less than a period of years, the only obligation on the tenant is to use them in a proper and tenant-like manner, to keep them wind and water-tight, e.g., to repair broken windows.

It has already been noticed that when a house is let furnished, or when the house is one let under the Housing of the Working Classes Act, 1890, there is an implied covenant of fitness for occupation at the commencement of the tenancy. By an amending Act of 1903 it is provided that no contract may be entered into excluding the landlord from liability if there is a breach of this covenant. In other tenancies, therefore, it will be seen that the tenant may be in an uncomfortable position if the drainage is defective, and the landlord is under no obligation to repair it. Unless the tenant has so covenanted as to exclude his right, he has in his possession one power by which he can make the landlord do the repairs. He may apply to the local sanitary authority, and thus throw the burden of improving the drainage upon the landlord if it turns out that there is any imperfection in it. In connection with repairs, also, it may be useful to add one remark—a tenant may not alter the premises demised, unless he has previously obtained the permission of his landlord to do so. The alteration of premises, even though of such a character as to improve them, might be a great disadvantage to a landlord, who would not always be able to re-let them at the termination of the existing lease.

No prudent landlord will fail to preserve to himself the right to visit the demised premises on certain specified occasions, if he wishes to exercise such right. Having parted with the premises for the time fixed, the tenant is in uncontrolled possession, and the landlord is a trespasser if he attempts to re-enter in any way, unless he has covenanted for this right. Naturally, in the case of long leases, he will be most anxious to see that the covenants are being strictly observed.

The covenant not to assign without permission in writing is extremely common, as is also that which precludes a tenant from sub-letting. The landlord knows his original tenant, he has no desire to have an assignee or sub-lessee thrust upon him of whom he knows nothing. In the absence of such a covenant the lessee can either assign or sub-let, and a covenant against assigning does not prevent a sub-letting. Both should be inserted for the landlord's protection. It is, however, the general practice to couple with the covenant against assigning or under-letting another condition that the consent of the landlord shall not be arbitrarily or unreasonably withheld. If, then, he wishes to assign or to under-let, the tenant applies to the landlord, and probably has to pay a fee for the favour to be granted. No particular words are required for giving the consent. When it has been agreed that the consent shall not be arbitrarily or unreasonably withheld, and the landlord refuses to give his permission, provided the proposed assignee or under-lessee is really a responsible person, the assignment or the

MEMORANDUM OF AGREEMENT

made and entered into this twenty-fourth day of June One thousand nine hundred and twelve BETWEEN Arthur Brown of 4 White Street in the City of Sheffield Tailor on the one part and Charles Dawson of 5 Black Street in the same City Grocer of the other part

THE said Arthur Brown hereby agrees to let and the said Charles Dawson hereby agrees to take ALL that messuage and dwelling house situate and being No 495 Burngreave Road in the City of Sheffield for the term of Three years from the date hereof at and under the yearly rent of FORTY POUNDS payable without deduction except on account of the Landlord's property and income-tax in equal quarterly payments of Ten pounds on the usual quarter days the first quarterly payment to be made on the twenty-ninth day of September One thousand nine hundred and twelve

AND the said Charles Dawson doth hereby agree with the said Arthur Brown that he the said Charles Dawson his ~~executors~~ or administrators shall and will from time to time during the period of this Agreement keep repaired at his or their own expense under the windows doors locks bells and all other fixtures and all belonging to the said premises and all the internal parts thereof and so leave the same at the end of the said term in good repair wear and tear and accidents by fire flood and tempest only excepted)

AND ALSO that he will not assign or ~~sublet~~ the said premises without the consent in writing of the said Arthur Brown (such consent not to be unreasonably withheld in the case of a respectable and responsible person) nor use the same for any other purpose except as a private dwelling-house

AND the said Arthur Brown agrees to take the said premises in good repair

PROVIDED ALWAYS that the said term shall cease and determine and the said Arthur Brown or his executors administrators or assigns shall have the right of re-entry in case the rent has not been paid for 14 days next after any of the said quarter days

rent is payable or in case the said Charles Dawson his executors or administrators shall after notice refuse to observe and perform the agreements and conditions hereinbefore mentioned or shall assign or underlet the said premises without such licence in writing as aforesaid or in case the said Charles Dawson shall become bankrupt or shall permit any writ of execution to be levied upon his goods

IN WITNESS whereof the said parties to this agreement hereinbefore mentioned have hereunto set their hands the day and the year above mentioned

(Signed)

ARTHUR BROWN

CHARLES DAWSON

WITNESS--

JOSEPH DAVIES,

75 CHRIST CHURCH ROAD,

PITSMOOR,

SHEFFIELD.

HOSIER.

underletting is good without such consent. The mere fact of letting lodgings or apartments is not a breach of a covenant against assignment or underletting. The licence to assign or underlet if it is stipulated for should always be in writing. A lessee can in no case assign or underlet for a period longer than his own lease or tenancy. But if at any time after letting in an under-lessee the lessee surrenders his lease before the expiration of his own term and before the term created for the sub-lessee comes to an end the latter is in no way affected by the surrender; i.e. he remains on in spite of the cessation of the relationship of landlord and tenant between the lessor and the lessee. On the other hand if the term of the lessee becomes forfeited by reason of some breach of covenant the sub-lessee loses his term and can only look for a remedy in damages against the lessee. Sometimes and under special circumstances a sub-lessee may obtain relief and be allowed to remain on in possession of the premises.

Another general covenant refers to the manner in which the premises shall be used. The parties to the lease may desire to exclude the carrying on of certain trades etc. This covenant depends entirely upon the character of the locality in which the premises are situated. The terms should be set out with the utmost care. Any infringement may give rise to a forfeiture or the lessee may be restrained by injunction.

The covenant to insure requires very short notice after what has been said as to the obligation of the tenant in case of fire. It is immaterial that the landlord is himself insured. If this is the case the landlord gets the benefit of his own foresight. Also the landlord is not compelled in the absence of any agreement to that effect to expend the insurance money in reinstating the premises. The tenant however may apply to the insurance company as already stated to expend the same in rebuilding the premises and they are empowered by statute to do so.

Without any express covenant to this effect there is always an implied covenant on the part of the landlord for quiet enjoyment; i.e. an under-tenant on his part that there shall be nothing done to interfere with the peaceful possession on the part of the tenant during the currency of the lease so far as the landlord himself is concerned or any person who claims through him or through whom he claims. This is not a guarantee that there shall never be any interference at all. A person who has a title superior to that of the landlord may always evict a tenant of the landlord seeing that he is in no better position than that of a trespasser. This covenant will also prevent a landlord from committing any physical disturbance of the tenant's quiet enjoyment, as for example by erecting any buildings so close at hand as to cause the tenant's chimneys to smoke. Again if the lease is of a certain portion of premises the landlord cannot let another part to another tenant for such purposes as would interfere with the peaceful enjoyment of his original tenant as for example by allowing the other part to be used for dancing or for entertainments. But the breach of this covenant if there is in fact any interference must be on the part of the landlord or some person who claims through him. Any interruption of quiet enjoyment on the part of a third person only gives the tenant a right of action against such third person. The landlord cannot be held responsible

If the landlord assigns his interest e.g. by selling his estate the tenant i.e. the lessee is not at all affected. His tenancy still exists to the end of the term—he has simply got a new landlord and all the covenants of the lease are operative.

Coupled with the grant of a lease or any tenancy there is always an implied grant of a right of way by the landlord so that the tenant may reach the premises.

Unless there arises a cause of action giving a right of forfeiture for breach of any of the covenants—and relief is generally obtainable upon terms unless the breach is of a serious nature such as where the tenant is bankrupt or has broken the covenant not to assign or to underlet—the lease terminates by mere effluxion of time. It has been made for a certain fixed period and at the end of it the tenant must go out. No notice is required. If he refuses to do so he can be proceeded against by an action for ejectment—in the High Court if the rent is above £100 a year in the county court if it is between £70 and £100 a year in a police court if the rent does not exceed £70 a year. As to the liability of a tenant for holding over this will be noticed later. If the landlord and the tenant mutually agree to bring the lease to an end before the stipulated time they can accomplish their purpose by entering into a fresh deed. It is a maxim of law that a deed must be annulled by another deed.

Where the tenancy is intended to be for a period not exceeding three years it is not the practice to require nor is it legally necessary that there should be any deed. An agreement may be quite as elaborate as a lease and the conditions contained in it are just as binding upon the parties. Therefore what has been already said as to a lease by deed applies equally to a tenancy under an agreement. But the agreement is generally a document of a short character and it is quite enough if it contains the names of the parties the description of the property demised the nature of the tenancy the date of the commencement of the same and the rent reserved. The following will serve as a model of such an agreement—

*An agreement made this 3d day of June 1912 between A B of etc. hereinafter called the landlord of the first part and C D of etc. hereinafter called the tenant of the other part. The landlord agrees to let and the tenant agrees to take the house situate and being 111 East Road, Blonkdown in the county of Wiltshire for the term of one year from the 24th day of June 1912 and so on from year to year at the yearly rent of £50 payable quarterly on the usual quarter-days either party to be at liberty to terminate the tenancy on giving three calendar months' notice to quit expiring on any of the said quarter-days the landlord to pay all landlord's rates and taxes and the tenant to pay all tenant's rates and taxes.*

*In witness whereof the parties above named have hereunto set their hands*

A B  
C D

Such a form would only be used if the landlord was well satisfied as to his prospective tenant. The absence of any condition of re-entry might be very detrimental in the case of a retro-tenancy. A form of agreement of a more elaborate character is given as an inset.

In the absence of special conditions, as above, there are always four that are implied: (1) the tenant to pay the rent agreed upon, (2) the tenant to pay the rates and taxes, except the landlord's property tax and tithe rent charge, (3) the tenant to allow the landlord to view the premises, (4) the tenant to keep the premises in fair and proper condition, and so to deliver them up at the end of the tenancy, fair wear and tear excepted. The landlord also tacitly agrees that the tenant shall have quiet enjoyment during the currency of the agreement, as far as he himself is concerned, or any person who claims through him, or through whom he claims. The landlord is not bound to repair, nor is the tenant excused from payment of rent if the premises are destroyed by fire or otherwise. There is no implied condition of fitness, except the house is let furnished or unless the premises come within the purview of the Housing of the Working Classes Acts, 1890 and 1903. To these reference has already been made.

A word may be usefully inserted here as to the advisability of some agreement in writing. In the first place it avoids many disputes, the position being clearly set forth, secondly, without some agreement in writing the tenant cannot legally claim to be put in possession of the premises if the tenancy is to begin after the date of the agreement. By the Statute of Frauds (*qv*) any agreement as to land must be in writing. A tenancy is clearly such an interest. Unless, therefore, the tenant goes into possession at once, a landlord might legally refuse to admit him if there was no agreement in writing in existence undertaking to allow the tenancy to commence at a future date.

The vast majority of people, however, do not take houses or other premises under a lease or an agreement, but become tenants for varying periods, according to various circumstances. A yearly tenancy is one which the law particularly favours, and it exists where a tenant holds from year to year. A yearly tenant holds for one year at least, and unless he receives notice to quit, he goes on under the same conditions year after year. If a tenant enters into possession of premises under a verbal agreement for a period exceeding three years, as already stated, he is in under an agreement which is void, but as soon as he has once paid his rent he becomes a yearly tenant. Also, tenancies at will, *i.e.*, tenancies which arise out of a mere occupation and which can be terminated at any time, are turned into yearly tenancies after a payment of rent. Even though rent is paid half-yearly or quarterly, the law presumes a yearly tenancy unless there are circumstances which point conclusively to some other kind of tenancy. But the presumption is likely to be the other way if rent is paid at intervals of less than a quarter. If, for instance, rent is paid monthly, the court will be inclined to hold that there is a monthly tenancy in existence, and if the rent is paid weekly it will be a weekly tenancy that is presumed.

It must be carefully recollected in connection with this subject of a yearly tenancy that if a tenancy is created for "one year certain and so on from year to year," the tenancy is one for two years at least, except it is expressly stipulated in the agreement that the tenancy may be determined at the end of the first year.

Where the tenancy is for a period less than a year, it is commonly either half-yearly, quarterly, monthly, or weekly. But there is nothing to prevent a

tenancy for a day or an hour if the parties so agree. The only thing to be carefully guarded against, when the tenancy is of very short duration is that there shall be no mistake as to the definite nature of the terms. It is only repetition to say once more that a careful landlord and a careful tenant will not allow the nature of their agreement to be left in doubt. There will be some written document setting out the conditions of the tenancy in full. When possession is taken between two quarter-days, it is a presumption that the tenancy began at the preceding quarter-day, provided that the rent is paid for a portion of the quarter. But if possession is taken between two quarter-days and the rent is only paid from the succeeding quarter-day, it is a presumption that the tenancy commenced at the date of entering into possession. All that has been said previously as to repairs applies to short tenancies as well as to longer ones. The landlord is not liable, in the absence of any enforceable agreement, to do anything, and the tenant is only liable to keep the premises in tenantable condition, to maintain them wind and water tight, and he is in no way responsible for fair wear and tear. As to fitness for habitation, the landlord's liability only extends to those premises which come within the provisions of the Housing of the Working Classes Acts, already mentioned, and to furnished houses. Again, a change of landlord makes no legal difference to the tenant. He goes on just the same as if the same landlord had been the owner of the premises all the way through.

Provided the tenant pays his rent regularly, and the covenants of the lease or the conditions of the tenancy are duly observed, the end of the relationship of landlord and tenant comes about only by effluxion of time in the former case and by a notice on the part of the landlord or the tenant in the latter. The same applies if the tenant is in under an agreement for a period not exceeding three years. At the end of the term fixed by the lease or agreement, the tenant must go out, unless there is a fresh lease granted. In other cases, a notice, on one side or the other, must be given according to the rules which are here set out. In the case of a tenancy from year to year, *i.e.*, a yearly tenancy, this is determined by a half-year's notice given on either side, such notice expiring at the end of the current year of the tenancy. Thus, if premises are taken on the 25th March, notice must be given on the 29th September terminable on the succeeding Lady Day. And so with any other quarter-days. In agricultural lettings, however, a year's notice is required. A monthly tenancy requires a month's notice for its determination, and a weekly tenancy a week's notice. A tenancy at will is terminable at any time, but, as already stated, a tenancy of this kind is easily changed into a yearly tenancy. In the case of lodgings, to which most of the ordinary incidents of tenancies apply, a reasonable notice only is required, and what is a reasonable notice must depend upon the circumstances of each particular case. Any particular agreement as to notice will, of course, cause a variation in these periods. In the form of agreement given on page 901, a three months' notice is stipulated for. This agreement overrides any rule of law. And, again, if the notice is, under the terms of the agreement, capable of being given at any time, it is not necessary to wait for any particular quarter-day. There is no magic in the usual quarter-days. They only come in when no other arrangement as to

notice has been made. It has been pointed out what is the presumption of law as to the date of the commencement of the tenancy when a tenant goes into possession between two quarter days. This is an important matter for consideration when a notice to quit has to be given. First determine the nature of the tenancy and then be quite certain as to the time from which it dates. On these two facts the validity or invalidity of a notice must mainly depend. Of course it is quite possible for a letting to be made for say four days and the parties to agree that it shall be terminated without any notice at all at the end of the four days.

It is unsafe to rely upon a verbal notice though it is not imperative that a notice should be in writing. The existence of a written document will often save costly disputes. No special form of words is necessary. The object is to get clearness and distinctness so that there can be no mistake as to the object of the document. For instance there should be no ambiguity. A notice in the alternative is bad. Suppose the landlord gives a notice to the tenant either to give up possession or to pay an increased rent. This is bad as a notice to quit. But if the wording is such that notice is first given and then there is added a further statement to the effect that if the tenant does not quit the premises the landlord will demand double rent the notice is good.

The following forms of notice will be useful as a guide—

#### Landlord to Tenant

To Mr A B

I hereby give you notice to quit and deliver up on the 25th day of September 1912 all that messuage or dwelling house together with the appurtenances thereof situate at \_\_\_\_\_ in the county of \_\_\_\_\_ which you now hold of me as tenant thereof

(Signature of landlord)

Dated this 25th day of March 1912

#### Tenant to Landlord.

To Mr A B

I hereby give you notice that it is my intention to quit the house situate at \_\_\_\_\_ in the county of \_\_\_\_\_ on the 25th day of March 1912 at the expiration of the current year of my tenancy

(Signature of tenant)

Dated this 29th day of September 1912

There is no need for the notice to be served personally either upon the tenant or upon the landlord. Thus in the case of a tenant it may be left with a servant at the house and its purport explained. The great object is to take care that it gets into the hands of the party served or that he is made acquainted with it. It has therefore been held sufficient service to place the notice under the door or to send it by post. But if the latter course is adopted the letter should be registered so that there may exist some proof of the despatch of the notice. If there has been an under letting of the premises the notice must be served upon the original tenant and not upon the under lessee.

When the day arrives for giving up possession of the premises the tenant has the whole of the last day in which to remove his goods. The giving up of possession must be absolute. If there has been any sub-letting the tenant must take care

that the sub-lessee goes out. Various circumstances will be sufficient to evidence the giving up of possession but the best proof of all is the handing over of the keys of the premises by the tenant and their acceptance by the landlord. On the termination of the tenancy the tenant is entitled unless there is some agreement to the contrary to remove the whole of his possessions including his fixtures (See FIXTURES).

Tenancy at will has been referred to more than once. There is another kind of tenancy to which a few words must be devoted viz tenancy by sufferance. A tenancy by sufferance is one in which the possession of premises is taken lawfully but is afterwards continued without leave or objection on the part of the landlord. It arises most frequently when a tenancy has come to an end in the ordinary course—as for instance at the termination of a lease or an agreement for years—and the tenant continues to hold on. A tenant by sufferance cannot be ejected unless the landlord has made a previous demand for possession of the premises. From what has been already stated it will be seen that this is really no tenancy at all—the so-called tenant has come to no agreement with the landlord and there is no contract at all as to the payment of rent. If however rent is received by the landlord the court will presume as in the case of a tenancy at will where rent has been paid that a yearly tenancy has been created.

For the recovery of the rent payable by a tenant the landlord has the drastic remedy of distress (qv). If this remedy is not available there is the right of action at law for the amount due. For the recovery of possession there is the right of ejectment. This has been already referred to as well as the action for recovery of possession in the case of the breach of any covenant or any condition contained in the lease or the agreement. As the landlord has the right to re-enter upon his premises at the expiration of the lease or the tenancy, he may do so of his own accord if he can effect the same peaceably but he is never allowed to re-enter by force. As to the procedure to be adopted when the premises are deserted see the article on DESERTED PREMISES.

Reference has been made more than once to assignment and under letting and it has been pointed out that in leases or agreements for a lengthy period it is the invariable practice of the landlord to exact a covenant from the tenant against assignment or under letting without leave—such leave not to be arbitrarily or unreasonably withheld. But a tenant does not release himself in any case from liability by assignment or under letting although he retains no interest whatever in the premises. He is responsible to his landlord for all the covenants into which he has entered and he must rely for any indemnity upon his assignee or under tenant. This will be effected by means of a properly drawn lease or agreement in which the relationship of landlord and tenant will be created between the lessor and the under-lessee. The under tenant is not under any direct liability to a superior landlord but he is liable to be ejected by the superior landlord if there is a forfeiture of the original lease by any breach of covenant contained in the superior lease unless he is able to obtain relief from the court upon an application being made for ejectment.

In addition to his remedy by writ of ejectment a landlord has certain rights against a tenant who holds over after his tenancy has ceased and if he

In the absence of special conditions, as above, there are always four that are implied: (1) The tenant to pay the rent agreed upon, (2) the tenant to pay the rates and taxes, except the landlord's property tax and the rent charge, (3) the tenant to allow the landlord to view the premises, (4) the tenant to keep the premises in fair and proper condition, and so to deliver them up at the end of the tenancy, fair wear and tear excepted. The landlord also tacitly agrees that the tenant shall have quiet enjoyment during the currency of the agreement, as far as he himself is concerned, or any person who claims through him, or through whom he claims. The landlord is not bound to repair, nor is the tenant excused from payment of rent if the premises are destroyed by fire or otherwise. There is no implied condition of fitness, except the house is let furnished or unless the premises come within the purview of the Housing of the Working Classes Acts, 1890 and 1903. To these reference has already been made.

A word may be usefully inserted here as to the advisability of some agreement in writing. In the first place it avoids many disputes, the position being clearly set forth, secondly, without some agreement in writing the tenant cannot legally claim to be put in possession of the premises if the tenancy is to begin after the date of the agreement. By the Statute of Frauds (*qv*) any agreement as to land must be in writing. A tenancy is clearly such an interest. Unless, therefore, the tenant goes into possession at once, a landlord might legally refuse to admit him if there was no agreement in writing in existence undertaking to allow the tenancy to commence at a future date.

The vast majority of people, however, do not take houses or other premises under a lease or an agreement, but become tenants for varying periods, according to various circumstances. A yearly tenancy is one which the law particularly favours, and it exists where a tenant holds from year to year. A yearly tenant holds for one year at least, and unless he receives notice to quit, he goes on under the same conditions year after year. If a tenant enters into possession of premises under a verbal agreement for a period exceeding three years, as already stated, he is in under an agreement which is void, but as soon as he has once paid his rent he becomes a yearly tenant. Also, tenancies at will, *i.e.*, tenancies which arise out of a mere occupation and which can be terminated at any time, are turned into yearly tenancies after a payment of rent. Even though rent is paid half-yearly or quarterly, the law presumes a yearly tenancy unless there are circumstances which point conclusively to some other kind of tenancy. But the presumption is likely to be the other way if rent is paid at intervals of less than a quarter. If, for instance, rent is paid monthly, the court will be inclined to hold that there is a monthly tenancy in existence, and if the rent is paid weekly it will be a weekly tenancy that is presumed.

It must be carefully recollected in connection with this subject of a yearly tenancy that if a tenancy is created for "one year certain and so on from year to year," the tenancy is one for two years at least, except it is expressly stipulated in the agreement that the tenancy may be determined at the end of the first year.

Where the tenancy is for a period less than a year, it is commonly either half-yearly, quarterly, monthly, or weekly. But there is nothing to prevent a

tenancy for a day or an hour if the parties so agree. The only thing to be carefully guarded against when the tenancy is of very short duration is that there shall be no mistake as to the definite nature of the terms. It is only repetition to say once more that a careful landlord and a careful tenant will not allow the nature of their agreement to be left in doubt. There will be some written document setting out the conditions of the tenancy in full. When possession is taken between two quarter-days, it is a presumption that the tenancy began at the preceding quarter-day, provided that the rent is paid for a portion of the quarter. But if possession is taken between two quarter-days and the rent is only paid from the succeeding quarter-day, it is a presumption that the tenancy commenced at the date of entering into possession. All that has been said previously as to repairs applies to short tenancies as well as to longer ones. The landlord is not liable, in the absence of any enforceable agreement, to do anything, and the tenant is only liable to keep the premises in tenantable condition, to maintain them wind and water tight, and he is in no way responsible for fair wear and tear. As to fitness for habitation, the landlord's liability only extends to those premises which come within the provisions of the Housing of the Working Classes Acts, already mentioned, and to furnished houses. Again, a change of landlord makes no legal difference to the tenant. He goes on just the same as if the same landlord had been the owner of the premises all the way through.

Provided the tenant pays his rent regularly, and the covenants of the lease or the conditions of the tenancy are duly observed, the end of the relationship of landlord and tenant comes about only by effluxion of time in the former case and by a notice on the part of the landlord or the tenant in the latter. The same applies if the tenant is in under an agreement for a period not exceeding three years. At the end of the term fixed by the lease or agreement, the tenant must go out, unless there is a fresh lease granted. In other cases, a notice, on one side or the other, must be given according to the rules which are here set out. In the case of a tenancy from year to year, *i.e.*, a yearly tenancy, this is determined by a half-year's notice given on either side, such notice expiring at the end of the current year of the tenancy. Thus, if premises are taken on the 25th March, notice must be given on the 29th September terminable on the succeeding Lady Day. And so with any other quarter-days. In agricultural lettings, however, a year's notice is required. A monthly tenancy requires a month's notice for its determination, and a weekly tenancy a week's notice. A tenancy at will is terminable at any time, but, as already stated, a tenancy of this kind is easily changed into a yearly tenancy. In the case of lodgings, to which most of the ordinary incidents of tenancies apply, a reasonable notice only is required, and what is a reasonable notice must depend upon the circumstances of each particular case. Any particular agreement as to notice will, of course, cause a variation in these periods. In the form of agreement given on page 901, a three months' notice is stipulated for. This agreement overrides any rule of law. And, again, if the notice is, under the terms of the agreement, capable of being given at any time, it is not necessary to wait for any particular quarter-day. There is no magic in the usual quarter-days. They only come in when no other arrangement as to

ld in the £ on the land subject to land tax unless a smaller rate would redeem all the unredeemed quota of the parish.

The owner of any land is allowed under the Finance Act 1898 to redeem it from land tax by payment of a capital sum equal to thirty times the sum assessed by the last assessment either by a single payment or by annual instalments with interest. An owner redeeming land from land tax by payment of a capital sum may apply for a certificate charging the land with the amount of that sum and with interest equal to the amount of the land tax redeemed to which charge he is then entitled as if it were a mortgage secured to him by a mortgage deed.

Where the owner in possession of the rents and profits of any land or other property assessed produces to the collector before the amount due in any year is paid a certificate from the surveyor of taxes that he has been allowed in that year—

(a) total exemption from income tax by reason of his income not exceeding £160—the land tax is not collected

(b) an abatement of income tax by reason of his income not exceeding £400—one half of the land tax is not collected

**LAND VALUES, DUTIES ON**—Land Values For the purposes of the duties on land values the different values are defined as follows—

(1) Gross value means the amount which the fee simple of land might be expected to realise if sold at the time in the open market in its then condition free from incumbrances and burdens other than rates and taxes

(2) Full site value means the amount which remains after deducting from the gross value the difference between that value and the value which the fee simple of the land might be expected to realise if the land were divested of any buildings or other structures and of all things growing thereon

(3) Total value means the gross value after deducting therefrom the amount by which it would be diminished if the land were sold subject to the fixed charges rights and easements which restrict its use.

(4) Assessable site value means the total value less the difference between the gross value and the full site value and less the value of certain expenditure on improvements public roads the redemption of charges and clearance of the site

No duties are charged in respect of land held by rating authorities by charitable bodies or by a body which is precluded from dividing any profit amongst its members

**Increment Value Duty** Increment value is deemed to be the amount by which the site value of the land on the occasion on which duty is to be collected exceeds the site value of the land as value previously or at the time of any transfer of the land on sale between 1889 and 1909

Duty is charged at the rate of £1 for every complete 1/5 of that value accruing after April 30th 1909 for purposes of collection the increment value is deemed to be reduced by an amount equal on the first occasion of collection to 10 per cent of the original site value and on any subsequent occasion to 10 per cent of the site value on the preceding occasion of collection. The amounts on which duty has been or remitted may not in any five years exceed .5 per cent. of the site value previous to such period

Duty is collected on any sale of the fee simple

or any grant of a lease for less than fourteen years and on the fee simple passing on the occasion of the death of any person Where the fee simple or interest is held by a body so that the land is not liable to death duties the duty is to be collected in 1914 and in every subsequent fifteenth year

Increment value duty is payable by the transferor or lessor who is required to present to the Commissioners of Inland Revenue for stamping the instrument of the transfer or lease or reasonable particulars thereof under a penalty of £10 and interest at 5 per cent per annum on the duty of which the payment is delayed

Exemptions are granted in respect of agricultural land which has no higher value than its value for agricultural purposes only and in respect of small houses and properties in the occupation of the owner Lands used for the purposes of games or other recreation are not liable to duty if they are held by a body without any view to profit and if the Commissioners are satisfied that the land will probably continue to be so used for at least five years

**Reversion Duty** is a duty at the rate of £1 for every complete £10 of the value of the benefit accruing to a lessor by reason of the determination of any lease The value of the benefit is deemed to be the amount by which the total value of the land at the time the lease determines (subject to a deduction in respect of any capital expenditure by the lessor during the term of the lease and of compensation paid by the lessor at such determination) exceeds the total value at the time of the original grant of the lease Where the lessor has a leasehold interest only the value of the benefit is deemed to be reduced in proportion to the value by which his interest is less than the value of the fee simple

Exemptions are granted in respect of agricultural land leases not exceeding twenty-one years and certain leases for not less than forty years purchased before 1909 When a lease is determined by agreement before the expiration of its term and a new lease is granted to the lessee a deduction of 2½ per cent of the duty (not to exceed 50 per cent in all) is allowed in respect of each year so unexpired

**Undeveloped Land Duty** is payable annually at the rate of 1d for every 20s of the site value of undeveloped land

Land is deemed to be undeveloped where no dwelling houses have been erected thereon or buildings for the purposes of any business or industry other than agriculture or where it is not otherwise used for any business or industry

Exemptions are granted where the site value does not exceed £50 per acre to parks etc open to the public by right or to which reasonable access is enjoyed by the public to land kept undeveloped in pursuance of a definite scheme in the interests of the public and to recreation grounds exempted from increment value duty Other exemptions are granted to small holdings to land not exceeding 5 acres occupied with a dwelling house and in respect of agricultural land while it is held under a tenancy created by a lease or agreement made before 1909

**Mineral Rights Duty** is charged annually at the rate of 1s for every .05 of the rental value of all rights to work minerals and of all mineral way leaves It is not charged in respect of common clay common brick clay common brick earth or sand chalk limestone or gravel

**LAND WAITER**—An officer of the Customs



holding over is proved to be contumacious. If the landlord gives notice and the tenant refuses to quit, the tenant is liable in an action for double the value of the house so long as the tenant remains in. If, on the other hand, it was the tenant who gave notice, he is liable for double rent. The claim for double value applies to tenancies from year to year, and to holdings for a longer fixed period; it has no application to quarterly, monthly, or weekly tenancies. The claim for double rent applies to all tenancies which are not for a fixed period. The difference is worthy of particular notice. Also, a landlord cannot distrain for double value though he is entitled to do so for double rent. But the claim of the landlord in either case is limited to the time of actual occupation. The right to double value or double rent is waived if the landlord accepts rent on the following quarter-day without demur, a new tenancy has, in fact, been created between the parties. Thus, a lease is granted for a certain number of years. The tenant does not go out at its expiration. He is liable for double the value of the premises so long as he remains in possession. But if the landlord accepts the customary rent on the ensuing quarter-day, a yearly tenancy is created, and the lessee cannot be evicted except by a proper six months' notice terminable at the end of the current year.

The stamp duties payable are as follows—

For any lease or tack of a dwelling-house or any part thereof for a definite period not exceeding one year, where the rent does not exceed £10 per annum, 1d. (This may be an adhesive stamp.)

For premises let as a furnished house or apartments, the rent of which does not exceed £25 per annum, and the term is definite and less than one year, 5s.

In any other cases—

county is affected unless an Order in Council has been made to that effect.

The Land Transfer Acts apply to freeholds and leasehold land having forty or more years still to run, or two or more lives still to fall in, but they do not apply to copyhold land or customary freeholds, where admission by the lord of the manor is necessary to give the purchaser a good title. A lease created for the purposes of mortgage, or containing an absolute prohibition against alienation, or leases with less than twenty-one years to run cannot be registered. The registration of leases having less than forty years to run is not compulsory.

The procedure on registration is as follows: The applicant or his solicitor attends the registry with the deeds relating to the property, and a copy of the same, written on stout paper, for filing. A plan must also be produced. The land is identified on a large scale ordnance map kept at the registry, and the draft entries for the register are prepared and settled. A land certificate is then drawn up and forwarded to the applicant or his solicitor. The register is private, and no examination can be made except with the authority of the registered owner, or on notice to him.

The offices of the Land Registry are at 34 Lincoln's Inn Fields, but the business of registration is carried on at 6 Portugal Street, and 3 Clement's Inn, for the portions of the county of London lying north and south of the Thames respectively.

**LANDS CLAUSES ACTS.**—(See INCORPORATED COMPANIES.)

**LAND STEWARD.**—The person who manages a landed estate on behalf of its owner.

**LAND TAX.**—Land tax is charged under various Acts passed since 1698, and is payable on or before January 1st in each year. There is an amount charged against each parish which is called the

	For a period not exceeding 35 years	Between 35 years and 100 years	Exceeding 100 years
Where the rent does not exceed £5 a year	£ s d 0 1 0	£ s d 0 6 0	£ s d 0 12 0
Exceeds £5 and does not exceed £10 "	0 2 0	0 12 0	1 4 0
" £10 " " £15 "	0 3 0	0 18 0	1 16 0
" £15 " " £20 "	0 4 0	1 4 0	2 8 0
" £20 " " £25 "	0 5 0	1 10 0	3 0 0
" £25 " " £30 "	0 10 0	3 0 0	6 0 0
" £30 " " £35 "	0 15 0	4 10 0	9 0 0
" £35 " " £40 "	1 0 0	6 0 0	12 0 0
" £40 " " £45 "	0 10 0	3 0 0	6 0 0
" £45 " " £50 "			
" £50 " " £55 "			
" £55 " " £60 "			
" £60 " " £65 "			
" £65 " " £70 "			
" £70 " " £75 "			
" £75 " " £80 "			
" £80 " " £85 "			
" £85 " " £90 "			
" £90 " " £95 "			
" £95 " " £100 "			
" £100, for every fractional part of £50 "			

Lease of any kind not specially charged, £1. Agreements for leases not exceeding thirty-five years are stamped as leases. All stamps, except that for 1d., must be impressed.

*N.B.*—The stamps on leases are those now fixed by the Finance Act, 1909-10.

**LAND MARKS.**—Conspicuous objects which are used for marking out boundaries, or which serve as guides to travellers.

**LAND REGISTRY.**—The system of the registration of land was established under the Land Transfer Acts, 1875 and 1897. It is now compulsory in the City of London, but so far it remains optional for other parts of the country, and no land in any

"quota," and from this is deducted the portion which is redeemed. An equal rate is charged on all assessable properties, so as to produce a sum as little as possible in excess of the "unredeemed quota to be raised." Any surplus not applied in payment to the assessor is deemed to have redeemed so much of the unredeemed quota of the land tax as is equal to one-thirtieth part of such surplus.

The amount charged on each parish must not exceed the amount produced by a 1s. rate on the annual value (as determined for purposes of income tax under Schedule A) of all the land in the parish subject to land tax. Any excess is remitted for the year in question.

No assessment may be made at a rate less than

advantages over the small in the matter of buying and selling in its possibility of wide advertising and in the fact that its goods will further advertise it. These economies seem able to outweigh the more watchful attention and the greater regard to minor gains and losses usually found in small undertakings. Some undertakings could hardly be conducted on other than a large scale. It would for example be intolerable to make a journey from Liverpool to London over a hundred small railways each controlled by a small capitalist. Clearly there must be a great economy in the labour of superintendence and direction when the hundred undertakings combine into one.

The advantages of large scale production do not seem to be so decisive in the case of agriculture as in other branches of production. The reason is probably the less dominating power of machinery in agriculture, the great empirical skill and knowledge acquired by small holders and the superior ardour of industry displayed. Then small farmers may and do associate so as to obtain the advantages of large scale production without sacrificing their independence, initiative, responsibility and personal interest. In such cases the very best results are obtained.

Obviously, the advantages of large scale production may be obtained only when a large amount of business can be done. There must be available as a home market a populous and flourishing community or there must be an opening for exportation. If only a dozen pair of boots could be sold in a year it would be cheaper to continue making them by hand no matter what machinery were invented. As a rule what is called labour saving machinery is properly product making machinery: it can only be introduced with profit when the demands of a large community are to be met. To meet these large demands it makes a much larger product with the same labour. (The relation of dumping towards large scale production and the efforts to realise its economies by this device are discussed in the article on PROTECTION.)

**LASCAR**.—This is a Hindi word which really signifies a camp follower but at the present time it invariably denotes an Indian seaman, especially those who are employed on ships trading in or with the Eastern seas.

**LASTACE**.—The sand, gravel or ballast used in ships for the purpose of keeping them steady.

**LASTINGS**.—A general name for certain wool or cotton fabrics either plain or figured.

**LATIAH**.—A famous tobacco name after the Syrian town from which it is obtained. It is the product of the *Nicotiana rustica*.

**LATHS**.—Thin strips of wood used in plastering. They are usually 3 to 6 ft long 1 in broad and  $\frac{1}{2}$  in thick.

**LATIN UNION**.—This Union also called the Latin Monetary Union was formed in 1865 the members being Belgium, France, Italy and Switzerland. Ten years later viz. in 1875 Greece joined it. The object of the Union was the establishment of a standard coinage for each of these countries the coins being of the same weight and fineness in order that the coins of one country should pass as legal tender in any of the others. The unit is the same in each though the names applied are not the same. In Belgium France and Switzerland it is the franc. In Italy the lira (pl. lire) and in Greece the drachma (pl. drachmai). Other European countries have adopted a similar system of coinage

but have not joined the Union. These countries are Austria, Finland, Roumania, Serbia and Spain. (See FOREIGN MONIES and of SCANDINAVIAN UNION.)

**LATITUDE AND LONGITUDE**.—The position of any place on the globe can be indicated to any required degree of accuracy by reference to two lines such as the equator—a line equidistant from the poles—and a meridian—a line along the surface of the earth joining the poles. In England and in fact throughout the greater part of the world the meridian of Greenwich is used. The position of a place with reference to the equator is its latitude and its position with reference to the Greenwich (or other) meridian is its longitude. The measurement of latitude and longitude is based on the division of the circle into 360 degrees. Since a line drawn from the equator to one of the poles is a quarter circle this line is divided into ninety parts and through the divisions circles drawn parallel to the equator. These run due east and west and are parallel hence the term parallels of latitude. They are numbered from the equator which is zero northward and southward 1° N, 1° S etc. the poles being 90° N and 90° S. Places near the poles are spoken of as being in high latitudes. The latitudes of the tropics between which is the belt of overhead sun are Cancer 23½° N and Capricorn 23½° S. The Arctic and Antarctic Circle within which are the regions of midnight sun in summer are 66½° north and south of the equator. Since the distance between any two parallels is almost though not exactly the same on account of the slight flattening of the earth towards the poles it is convenient to notice that the distance in miles between two parallels is roughly 23300 miles or nearly 70 miles (687 miles near the equator 694 miles near the poles).

The initial or prime meridian is generally drawn from pole to pole through Greenwich. A circle of the earth as the equator is then divided into 360 degrees and through each of these a meridian is drawn. These are numbered 1° E, 1° W and so on from the prime meridian up to 180°. Meridians are widest apart at the equator and converge towards the poles where they meet and the following table gives the number of miles between two meridians at various latitudes.—

0	69 17 miles	50°	44 53 miles
10	68 129	60	34 674
20	65 026	70	23 799
30	59 956	80	13 051
40	53 063	90	0 000

There is an intimate connection between longitude and time. All places having the same longitude or lying on the same meridian have midday at the same time. Since the sun passes through 360 degrees in 24 hours it passes through 15 degrees in 1 hour or 1 degree in 4 minutes so that for every degree of difference in the longitude of two places there is a difference of 4 minutes in time and since the sun apparently travels from east to west places in the east have their time in advance of the time of those in the west.

**Standard Time and Time Belts**. In countries like the United Kingdom which extend over but a few degrees of longitude it is inconvenient to have a number of different times on account of the working of the railways and telegraphs and Greenwich time is kept throughout. In North America however a here there is a difference of over four hours between the eastern and western coasts such a

It is his duty to taste, weigh, measure, and examine goods liable to be taxed upon importation, and, in the case of exports, to watch over and certify that the goods are in accordance with the prescribed form. Another name for him is "searcher."

**LANOLINE.**—A fatty substance obtained by purifying the grease of sheep's wool. Owing to its antiseptic properties, it is much used in the preparation of ointments, soaps, etc. Lanoline is obtained from the wool-washing in this country and also from Australia.

**LAPIS LAZULI.** The beautiful blue mineral from which the pigment ultramarine was originally obtained. It is generally found massive and associated with crystalline limestone. It consists of silica and alumina, together with soda, lime, and sulphuric acid. Lapis lazuli is much valued for church ornamentation and mosaic work. The best specimens come from Bokhara.

**LARBOARD.**—The name given to the left-hand side of a ship, looking in the direction in which it is travelling. Instead of the word "larboard," the term "port" is now generally made use of.

**LARCENY.**—This is a name applied in law to the felony which is commonly denoted by the term theft. It consists in "stealing, taking, and carrying away" any article whatever in which property can exist out of the possession of another person—whether that person is the actual owner or not—with the intention of depriving him permanently of the property or possession in the same. It is not larceny to take property with the intention of using it for a temporary purpose, but the burden of proof (*q.v.*) would be upon the person who took to show that he had no felonious intent. There must be a carrying away, although a very slight removal will satisfy the definition. Whenever a person is charged with larceny, a count is added to the indictment that he received the goods taken "well knowing them to have been stolen."

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A second reason why the expenses of a business do not increase by any means proportionally to the quantity of business is analogous to the first. We may have a more effective use of machinery and other fixed capital. As specialised skill, so specialised machinery can be introduced, and each machine introduced can be constantly working at its particular task. The machines will deteriorate almost equally with a large as with a small output, so that with a large output each unit produced, each yard of cloth or ton of metal, means a less charge per unit on the fixed capital. Owing to the growing complexity and expensiveness of machinery, the small establishment cannot afford to introduce improved means of doing some very small thing. A better and easier method may be known and accessible to the small producer, but because his output is small he cannot increase his fixed capital to such an extent as to introduce the improvement. Thus Professor Marshall tells us: "There is often a loss on the use of a machine unless it earns every year 20 per cent on its cost, and when the operation performed by such a machine costing £500 adds only a hundredth part to the value of the material that passes through it—and this is not an extreme case—there will be a loss on its use unless it can be applied in producing at least £10,000 worth of goods annually."

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advantages over the small in the matter of buying and selling in its possibility of wide advertising and in the fact that its goods will further advertise it. These economies seem able to outweigh the more watchful attention and the greater regard to minor gains and losses usually found in small undertakings. Some undertakings could hardly be conducted on other than a large scale. It would for example be intolerable to make a journey from Liverpool to London over a hundred small railways each controlled by a small capitalist. Clearly there must be a great economy in the labour of superintendence and direction when the hundred undertakings combine into one.

The advantages of large scale production do not seem to be so decisive in the case of agriculture as in other branches of production. The reason is probably the less dominating power of machinery in agriculture, the great empirical skill and knowledge acquired by small holders, and the superior ardour of industry displayed. Then small farmers may and do associate so as to obtain the advantages of large scale production without sacrificing their independence, initiative, responsibility, and personal interest. In such cases the very best results are obtained.

Obviously the advantages of large scale production may be obtained only when a large amount of business can be done. There must be available as a home market a populous and flourishing community or there must be an opening for exportation. If only a dozen pair of boots could be sold in a year it would be cheaper to continue making them by hand no matter what machinery were invented. As a rule what is called labour-saving machinery is properly product making machinery. It can only be introduced with profit when the demands of a large community are to be met. To meet these large demands it makes a much larger product with the same labour. (The relation of dumping towards large scale production and the efforts to realise its economies by the device also discussed in the article on PROTECTIVE.)

**LASCAR.**—This is a Hindii word which really signifies a camp-follower but at the present time it invariably denotes an Indian seaman especially those who are employed on ships trading in or with the Eastern seas.

**LASTAC.**—The sand, gravel or ballast used in ships for the purpose of keeping them steady.

**LASTINGS.**—A general name for certain wool or cotton fabrics, either plain or figured.

**LATAKIA.**—A famous tobacco named after the Syrian town from which it is obtained. It is the product of the *Nicotiana glauca*.

**LATHS.**—Thin strips of wood used in plastering. They are usually 3 to 6 ft long 1 in broad and  $\frac{1}{2}$  in thick.

**LATIN UNION.**—This Union also called the Latin Monetary Union was formed in 1865 the members being Belgium, France, Italy and Switzerland. Ten years later viz. in 1875 Greece joined it. The object of the Union was the establishment of a standard currency for each of these countries the coins being of the same weight and fineness in order that the coins of one country should pass as legal tender in any of the others. The unit is the same in each, though the names applied are not the same. In Belgium, France and Switzerland it is the franc, in Italy the lira (pl. lire), and in Greece the drachma (pl. drachma). Each of these coins has a fixed value and a set of coins of different values have a fixed value in each of the countries.

but have not joined the Union. These countries are Austria, Finland, Roumania, Servia and Spain. (See FOREIGN MONETARY and of SCANDINAVIAN UNION.)

**LATITUDE AND LONGITUDE.**—The position of any place on the globe can be indicated to any required degree of accuracy by referring to two lines such as the equator—a line equidistant from the poles—and a meridian—a line along the surface of the earth joining the poles. In England and in fact throughout the greater part of the world the meridian of Greenwich is used. The position of a place with reference to the equator is its latitude, and its position with reference to the Greenwich (or other) meridian is its longitude. The measurement of latitude and longitude is based on the division of the circle into 360 degrees. Since a line drawn from the equator to one of the poles is a quarter circle this line is divided into ninety parts and through the divisions circles drawn parallel to the equator. These run due east and west and are parallel hence the term "parallels of latitude." They are numbered from the equator which is zero northward and southward 1°N, 1°S etc. the poles being 90°N and 90°S. Places near the poles are spoken of as being in high latitudes. The latitudes of the tropics between which is the belt of overhead sun are Cancer 23½°N and Capricorn 23½°S. The Arctic and Antarctic Circles within which are the regions of midnight sun in summer are 66½° north and south of the equator. Since the distance between any two parallels is almost though not exactly the same on account of the slight flattening of the earth toward the poles it is convenient to note that the distance in miles between two parallels is roughly 34½ miles or nearly 70 miles. (68½ miles near the equator 69½ miles near the poles.)

The initial or prime meridian is generally drawn from pole to pole through Greenwich. A circle of the earth as the equator is then divided into 360 degrees and through each of these a meridian is drawn. These are numbered 1°E, 1°W and so on from the prime meridian up to 180°. Meridians are widest apart at the equator and converge towards the poles where they meet and the following table gives the number of miles between two meridians at various latitudes—

0°	(91½ miles)	60°	44 550 miles
10°	89 129	65°	34 674
20°	85 076	70°	23 724
30°	79 946	80°	10 051
40°	73 063	90°	0 (90)

There is an intimate connection between longitude and time. All places having the same longitude are lying on the same meridian and have the same time. In the sun passes through 360 degrees in 24 hours, i.e. in 1440 parts in 1 hour or 1 degree in 4 minutes, so that for every degree of difference in the longitude of two places there is a difference of 4 minutes in time, and since the sun's apparent travel from east to west 1° across the earth takes twice time in advance of the time of those in the west.

**Standard Time and Time Belts.**—If we take the line of longitude which extends east and west through Greenwich it is the meridian to which a number of different times are assigned for the working of the railways and telegraphs. In a 360° circle time is kept throughout. In North America however a few States are a difference of one hour between the eastern and western coasts, e.g. between

It is his duty to taste, weigh, measure, and examine goods liable to be taxed upon importation, and, in the case of exports, to watch over and certify that the goods are in accordance with the prescribed form. Another name for him is "searcher."

**LANOLINE.**—A fatty substance obtained by purifying the grease of sheep's wool. Owing to its antiseptic properties, it is much used in the preparation of ointments, soaps, etc. Lanoline is obtained from the wool-washing in this country and also from Australia.

**LAPIS LAZULI.** The beautiful blue mineral from which the pigment ultramarine was originally obtained. It is generally found massive and associated with crystalline limestone. It consists of silica and alumina, together with soda, lime, and sulphuric acid. Lapis lazuli is much valued for church ornamentation and mosaic work. The best specimens come from Bokhara.

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is sure to come some discussion about what is the length of the day during which the charterer is obliged to be ready to take delivery or the ship owner to deliver because the length of days may vary according to the custom of the port. In some countries for anything that I know the custom of the port may be to work only four hours a day and if days are put into the charter party there may be a dispute—although I do not say it would be a valid contention according to English law—whether the day included more than four hours. And merchants and shipowners have invented this nautical term about which there can be no dispute. They have invented the phrase *running days*. It can be seen what it means. What is the run of the ship? How many days does it take a ship to run from the West Indies to England? *Running days* are those days on which a ship in the ordinary course is running. *Running days* therefore mean the whole of every day when the ship is running. That is every day and night. They are the days during which if the ship were at sea she would be running. That means every day. Therefore *running days* comprehend every day including Sundays and holidays and *running days* and *days* are the same. But custom may make *days* equivalent to working days and exclude Sundays and holidays.

**LAZARETTO**—This word is derived from *lazar* which signifies a leper. The establishment so-called by this name is a building found in certain foreign ports where goods imported are fumigated before being allowed to be put upon the market. This is especially the case when the ship has been in quarantine (*qu*). Not only goods but also passengers are sometimes required to undergo the process of fumigation if the ship in which they have been passengers has come from a port where contagious diseases are prevalent.

**LEAD**—A soft bluish grey metal with a dull lustre which soon tarnishes on exposure to the air. It is chiefly obtained from the ore galena a sulphide of lead found in Cumberland and in many European countries especially Spain. The galena is crushed and washed to remove earthy impurities and then heated with proper fluxes such as limestone in a reverberatory furnace. The crude lead requires many additional processes of purification before it is ready for the market. Lead is used in the composition of various alloys. Among these are type-metal which consists of a mixture of lead antimony and tin; pewter which is composed of lead and lime alone; tin solder and shot metal. Lead is much used for roofing piping cisterns and for the manufacture of bullets. Its compounds are also very valuable. Red lead or minium is an oxide largely employed as a cement as a pigment in glazing earthenware and in the manufacture of flint glass. The carbonate known as white lead is a powder extensively used for pottery glazes and as a pigment. Yellow lead is a mixture of lead oxide and antimony. It is employed in colouring earthenware. Salts of lead have astringent properties and are therefore valuable in medicine. They are mainly applied in the form of lotions.

**LIKAGE**—This is an allowance made on liquids for what may be lost by leaking. In certain bills of lading and charter parties the words *leakage and breakage* excepted or *not accountable for leakage and breakage* are used and if this is so the shipowner is protected as to any loss which may arise in this manner.

**LEAS**—(See FOREIGN WEIGHTS AND MEASURES—CHINA.)

**LEASEHOLD ENFRANCHISEMENT**—The term leasehold enfranchisement is used to express the process by which a lessee would be able if the law allowed to turn his leasehold into freehold without the consent of the lessor. In the Bills that have been brought before Parliament for a considerable number of years the legislation proposed is described as Leasehold Enfranchisement or as Leascholders (Purchase of Fee Simple) Bill. All these Bills are very similar in explaining their purpose to be to give facilities to lease holders for the purchase of the fee simple of their holdings or to enable leaseholders to become freeholders. The phrase has no doubt been formed on the analogy of copyhold enfranchisement the process by which a copyholder can turn his customary estate into freehold compulsorily and independently of agreement with the lord of the manor. It has been the policy of the law since 1841 to favour enfranchisement of copyholds either by agreement or by compulsion. The Acts with that aim extend from the just mentioned date to the Copyhold Act 1894 (57 and 58 Vict. c. 46). But while copyhold enfranchisement has been introduced without controversy leasehold enfranchisement has not yet got beyond the stage of Bills presented to Parliament which have not hitherto more than passed a second reading. Since 1889 there has been a leasehold enfranchisement Bill in Parliament almost every session but they have generally been dropped after being presented. The promoters of these Bills are mostly advanced politicians who are opposed to the English land system and whose politics are usually hostile to the land-owning classes. The consequence therefore is that all leasehold enfranchisement Bills are extremely controversial. The leasehold system encourages the multiplication of interests and the dissipation of responsibility amongst owners so that leasehold property is apt to fall into neglect and into the condition of the slum. The fact that at the end of the term the buildings on the land though they have not been built at the cost of the lessor will revert to him or his representatives tends to the property being neglected and falling out of repair. Then there are the many shopkeepers who build up businesses and at the approaching end of the term are rented on the enhancement of value due to their own labours on pain of non renewal of their lease.

Under the leasehold system it is urged by the supporters of leasehold enfranchisement that enormous sums of money fall into the hands of ground landlords who have done little or nothing to create the value. The Royal Commission on Housing reported in favour of legislation for the acquisition by the leaseholder of the freehold interest. The prevailing system of building leases it said is conducive to bad building to deterioration of property towards the close of the lease and the system of building on leasehold land is a great cause of the many evils connected with overcrowding unsanitary buildings and excessive rents. The Town Holdings Committee's report also recommended enfranchisement generally and that compulsory powers should be specially given to public educational bodies co-operative and provident societies and public authorities and corporations.

The leasehold system is almost solely confined to

course is impracticable, and the country is divided into standard time belts 15° or 60 minutes wide. This arrangement gives Pacific time, Mountain time, Central time, Eastern time, and Atlantic time, each differing by an hour from the next, Atlantic time being four hours slower than Greenwich. On the Continent of Europe a similar arrangement is made, the western countries using Greenwich time, the central countries Central European time, one hour faster than Greenwich, and the others Eastern European time, two hours faster than Greenwich. Similarly in order to facilitate the comparison of times in various countries, most of the countries of the world make their time standard an exact number of hours faster or slower than Greenwich.

**LATTEN.**—A name derived from an old French word for brass. It stands for the brass or bronze used for memorial purposes, and also for tin rolled out in plates.

**LAUDANUM.**—Also known as tincture of opium. It is a reddish-brown liquid obtained by filtration from opium steeped in dilute spirit. It is poisonous owing to the presence of morphine, but in prescribed doses it is much used in medicine as an anodyne and soporific.

**LAVENDER.**—The *Lavendula vera*, grown principally in Surrey and Hertfordshire, and to a large extent in France and other Continental countries. The flowers yield an essential oil, which is used as a tonic in medicine, and in the manufacture of lavender water and other perfumes. The oil obtained from a certain species of lavender growing in South Europe is known as spike oil, and is employed by painters on porcelain. The fragrant flowers, when dried, are put into drawers and wardrobes to protect the contents from the attacks of moths.

**LAW AGENT.**—This is the name applied to every person who is entitled to practise in the law courts of Scotland. It includes writers to the signet, solicitors in the supreme courts, and procurators in any sheriff's court.

**LAWN.**—A fine kind of linen made chiefly at Belfast, and used for clerical vestments, handkerchiefs, blouses, etc. It owes its name to the fact that linen was originally bleached by exposing it on lawns to the action of the sun and the atmosphere.

**LAW COURTS.**—(See COUNTY COURTS, HIGH COURT, MAYOR'S COURT, PETTY SESSIONS.)

**LAW MERCHANT.**—(See COMMERCIAL LAW.)

**LAW SITTINGS.**—The four periods of the year during which the business of the High Court is conducted. They are—

(1) Hilary, from January 11th to the Wednesday before Easter.

(2) Easter, from the Tuesday in the week following Easter Week to the Friday before Whit-Sunday.

(3) Trinity, from the Tuesday in the week following Whitsun Week to July 31st.

(4) Michaelmas, from October 12th to December 21st.

If January 11th or October 12th falls upon a Sunday, the sittings—Hilary or Michaelmas—commence on the following day. If July 31st or December 21st falls on a Sunday, the sittings—Trinity or Michaelmas—end on the previous day.

The period between August 1st and October 11th is known as the Long Vacation.

**LAWYER.**—The name popularly given to every person who is a member of the legal profession—barrister and solicitors in England and Ireland, law agents (*q v*) in Scotland.

**LAY DAYS.**—The merchant usually covenants to load and unload the ship within a limited number of days after she is ready to receive the cargo and after arrival at the destined port, and to pay the freight in the manner appointed. These days are called "lay days." The number of lay days may be either expressly defined by the charter party or determined by inference or reference from its terms, e.g., "within so many days," or "according to the usual despatch of the port," or "in the usual and customary time," or "at the rate of so many tons per day." If no reference or inference is to be found in the terms of the charter party, the charterer is then bound to load or discharge, as the case may be, within a reasonable time. Lord Esher, *M R in Nielson v Wain* (1885, 16 Q B D. 70), said: "If the charterer keeps the ship beyond the 'lay days,' when he pays nothing, and only the number of 'demurrage days,' he pays a fixed sum for demurrage. If he keeps the ship after that, it is a question of damages, and he does not know what he has to pay until the question is settled by a tribunal or by agreement. 'Lay days' are described in a charter party in various ways, sometimes certain days are fixed for loading or unloading. If these days are described simply as 'days,' then, although they are not so-called when they are said to be for loading or unloading, nevertheless they are 'lay days.' 'Days' and 'lay days' are really the same thing in a charter party. 'Days' or 'lay days' may be calculated in a different manner, they may be described, and sometimes they are described, in a charter party as days of so many working hours. Then the number of days is also fixed. The days may be described as 'working days.' Now, 'working days,' if that term is used in the charter party, will vary in different ports, 'working days' in the port of London are not the same as working days in some other ports, even in England, but working days in England are not the same as working days in foreign ports, because working days in England, by the custom and habits of the English, if not by their laws, do not include Sundays. In a foreign port working days may not include Saints' days. If it is the custom or the rule of the foreign port that no work is to be done on the Saints' days, then working days do not include Saints' days. If by the custom of the port certain days in the year are holidays, so that no work is done in that port on those days, then working days do not include those holidays. Working days in an English charter party, if there is nothing to show a contrary intention, do not include Christmas Day and some other days, which are well known to be holidays. Therefore 'working days' mean days on which, at the port, according to the custom of the port, work is done in loading and unloading ships, and the phrase does not include Sundays. Merchants and shipowners have thought that this arrangement was not satisfactory to them, and that the lay days ought to be counted irrespectively of that custom, so that the charterer should take the risk whether work is done on Sundays or holidays at the port. They, therefore, introduced a new term, which is 'running days.' Now, 'running days' were put in really as a mode of computation to be distinguished from 'working days.' 'Days' include every day. If the word 'days' is put into the charter party—so many days for loading and unloading—and nothing more, that includes Sundays and it includes holidays. 'Working days' are distinguished from 'days.' If 'days' are put in, there

(FACSIMILE OF LEASE OF HOUSE)

THIS INDENTURE made the fifteenth day of June One thousand nine hundred and twelve BETWEEN James Jones of Harling Hall Halton in the county of Sussex Esquire of the one part and Thomas Smith of 795 Fleet Street in the County of London merchant of the other part

WITNESSETH that in consideration of the rent hereinafter reserved and of the Lessee's covenants hereinafter contained the said James Jones (hereinafter called "the Lessor" which expression shall include his heirs and assigns where the context so admits) hereby demises unto the said Thomas Smith (hereinafter called "the Lessee" which expression shall include his executors administrators and assigns where the context so admits) ALL THAT messuage or dwelling house situate and being number 349 Gloucester Square in the Borough of St Luke's in the County of London aforesaid TO HOLD the same unto the Lessee for the term of TWENTY-ONE years from the twenty-fourth day of June One thousand nine hundred and twelve YIELDING AND PAYING during the said term the yearly rent of ONE HUNDRED AND FIFTY POUNDS by four equal quarterly payments of Thirty-seven pounds ten shillings on the twenty-fifth day of March the twenty-fourth day of June the twenty-ninth day of September and the twenty-fifth day of December in each year the first of such quarterly payments to be made on the twenty-ninth day of September next and the last quarterly payment to be made in advance on the twenty-fifth day of March immediately preceding the expiration of the said term together with the quarterly payment falling due on that day

AND the Lessee hereby covenants with the Lessor in manner following that is to say--

1 THE Lessee will during the said term pay the rent hereby reserved at the time and in the manner aforesaid and will also pay all rates taxes and assessments whatsoever which now are or during the said term shall be imposed or assessed upon the said premises on the Landlord or Tenant in respect thereof by Act of Parliament County or Urban Council Sanitary Authority or otherwise except the Land Tax and the Landlord's Property Tax

2 AND will at all times during the said term keep the said premises in good and substantial repair internally and externally and deliver up the same in good and substantial repair to the Lessor at the expiration or sooner determination of the said term

3 AND in particular will paint with two coats at least of good oil colour in a proper and workmanlike manner the outside wood and ironwork of the said premises once in every five years of the said term and such parts of the inside of the said premises as have been usually painted once in every seven years of the said term the last painting both outside and inside to be in the year immediately preceding the determination of this Lease whether by effluxion of time or notice



England. An enquiry made while Lord Granville was Foreign Secretary showed that it was not known in Europe. It is not prevalent even throughout Great Britain. In Scotland it is not known, nor in the North of England, though it is pretty extensive in parts of Yorkshire, where there are great estates. The chief evils of the system are to be found in the South, especially in London, in great centres of population in Wales and the West of England, such as Cardiff, Newport, Bath, and other large towns.

The history of the Bills, as given in 1908, the last occasion on which any formal argument was made in Parliament on presentation of an enfranchisement Bill, is not of very happy omen for the success of the movement.

In 1889 the second reading in the House of Commons was lost by twenty-one votes, in 1891 it was lost by thirteen votes. Since then no Bill has ever reached this stage, and they have mostly been dropped each session in which they have been introduced.

Mr Maclean, who was Member for Bath in 1908, Bath being one of the centres specially exposed to the evils of the leasehold system, explained the Bill for that year, of which he was one of the sponsors. It is desirable to point out that Mr Maclean denied that enfranchisement was only a Radical opinion. He claimed that it was not a party matter, and he had the promise of assistance from the Chairman of a Conservative Association in a very large town. Mr Maclean's explanation of the Bill was that it proposed to remove the injustice from which owners of shops and houses in large towns, and tens of thousands of working men who owned cottages in mining districts, suffered, by giving them power to purchase the freehold at a fair sum, which in case of disagreement should be settled by a local court—the county court or otherwise. It also made provision whereby the present ground rent could be converted into what is known as a fee-farm rent, such as at present obtains in Lancashire and some parts of Somersetshire. This is practically the system of feus, which prevails in Scotland, there being a sum called feu duty reserved to the landlord out of the property, and the tenure is in every respect equivalent to our freehold, no land being let out for building for a fixed term of years, with reversion to the landlord. The Bill also contained provisions empowering the local authority to insist upon certain of the covenants in the lease being maintained for the public interest, and also to authorise releases from such covenants further than as provided by the Act itself, and also to restrain the lessee from so dealing with the premises as prejudicially to affect adjoining owners.

As the subject of leasehold enfranchisement is politically controversial, it is desirable to set out the proposals embodied in the Bills that have been presented to Parliament. There is no real precedent either in copyhold enfranchisement or in the provisions as to the acquirement of the freehold by owners of long terms contained in the Conveyancing Acts of 1881 and 1882. Under these last mentioned Acts, where there is an unexpired term of not less than 200 years, which, as originally created, was not less than 300 years, not being subject to any rent having a money value, and not liable to be determined for condition broken, the lessee may convert the leaseholds into freeholds simply by a deed to that effect. When so turned into freehold, the property remains subject to all

trusts or incumbrances as before. Such enfranchisement as this takes place in family settlements, and is quite different from the business transactions in which ordinary leaseholds have their origin. Thus it is fairly to be argued, from the point of view of the landlord, that he is at least as much entitled to the unearned increment from the improved value of a leasehold site as the leaseholder who would obtain it for himself by enfranchisement. On this point we may state the provisions of the Bills. The purchase money is to be the sum which, in the opinion of the court, is the value of the present interests, with the reversions in question expectant on the determination of the lease. Unless the lessor releases the lessee from restrictive covenants, these must be taken into account in assessing the purchase money. Still it remains true that by such assessment the landlord only gets the present value, and future values go to the enfranchised leaseholder. So that, according to ordinary principles of property, the landlord may say that by this compulsory sale his property rights are confiscated.

The right of the lessee is to acquire the reversion expectant or consequent upon the determination of his term, and the reversions of any superior or intermediate lease or interest, and also the freehold reversion. Certain notices have to be given by the lessee to the lessor, and the lessor must deliver to the lessee particulars of his interest in the premises, and the amount of purchase money he claims. The lessee will be informed from the particulars of his lessor of any other reversions or beneficial interests, and he will thereupon serve notices on the persons owning them to state the amount they claim.

When the lessee and these persons fail to agree about the purchase money, the lessee must apply to the court, which will settle the amount of purchase money for the different interests and for the freehold reversion.

What is proposed to be done as to the covenants contained in any lease on the purchase of a lease or the freehold reversion is as follows—

#### **Covenants that become void on Enfranchisement :**

- (a) Not to assign, demise, or part with the premises without the consent of the lessor
- (b) Not to make any structural alteration or addition to the property without the consent of the lessor

#### **Covenants that remain in Force :**

- (a) To make or construct buildings or roads, or to contribute towards cost of construction or maintenance of roads, party walls, sewers, etc., used in common with adjoining owners, occupiers, or lessees
- (b) To repair and keep premises in repair
- (c) To insure from fire and reinstate in case of damage by fire
- (d) To pay rates, taxes, land tax, tithe, and other outgoings
- (e) To exercise or not to exercise any particular trade or business, or to deal with any particular person or company, or to use the property in any particular manner, or against committing or permitting nuisances

Several others of a similar character are given; but the most interesting provision is that the local authority may also, in its discretion, give any further release of covenants other than the releases provided under the Act, and may also restrain the lessee from so dealing with the demised premises,

(FACSIMILE OF LEASE OF HOUSE)

THIS INDENTURE made the fifteenth day of June One thousand nine hundred and twelve BETWEEN James Jones of Harling Hall Falton in the county of Sussex Esquire of the one part and Thomas Smith of 795 Fleet Street in the County of London merchant of the other part

WITNESSETH that in consideration of the sum of £1000 (one thousand pounds) reserved and

WITNESSETH that in consideration of the rent hereinafter reserved and of the Lessee's covenants hereinafter contained the said James Jones (hereinafter called "the Lessor" which so much) hereby demises unto the said Thomas Smith (hereinafter called "the Lessee" which expression shall include his executors administrators and assigns where the context so admits) ALL THAT messuage or dwelling house situate and being (more 249 Gloucester-Square in the Borough of St. Luke's in the County of London) TOWNSHIP OF WOULD the same unto the Lessee for the term of nine hundred and twenty-four years from the first day of January next to the yearly rent of ONE HUNDRED AND FIFTY POUNDS in the said quarterly payments of TWENTY-SEVEN POUNDS TEN SHILLINGS AND TWENTY-FIFTH PART OF A POUND on the twenty-fourth day of March the twenty-fourth day of September and the twenty-fifth day of December in each year the first of such quarterly payments to be made on the twenty-ninth day of September next and the last of March immediately preceding the expiration of the said term together with the quarterly payment falling due on that day AND the Lessee hereby covenants with the Lessor in manner following that is to say--

1. THAT Lessee will during the term reserved at the time and in the manner pay all rates taxes and charges or during

THE Lessee will during the term hereof pay all rates taxes and assessments levied or during the term hereof on the premises or on said premises as owner or tenant thereof. The Act of Parliament relating to the same shall otherwise.

1. The first part of the document is a list of names and their corresponding addresses. The names are listed in the left column, and the addresses are listed in the right column. The names are: John Doe, Jane Smith, and Bob Johnson. The addresses are: 123 Main St, 456 Elm St, and 789 Oak St.

1

4. AND will at the same time with every outside painting restore and make good the outside wood and ironwork wherever necessary and at the same time with every inside painting whitewash and colour such parts of the inside of the said premises as are usually whitewashed and coloured

5 AND will permit the Lessor or his Agent with or without workmen and others once or oftener in every year, during the said term at all reasonable times to enter into and upon the said demised premises and view and examine the state of repair and condition thereof and of all such defects and wants of reparation as shall then and there be found to give to the Lessee or leave on the said premises notice in writing to repair and amend the same within the period of three calendar months then next following within which time the Lessee will repair and amend the same accordingly

6. AND will forthwith insure and keep insured the said demised premises against loss or damage by fire in the joint names of the Lessor and the Lessee in the Union Insurance Fire Office or in some other well-established office to be prescribed by the Lessor in the sum of Four thousand pounds at the least and will pay all premiums and sums of money necessary for that purpose and will whenever required produce to the Lessor the Policy of such Insurance and the receipt of every such payment and will cause all moneys received by virtue of any such Insurance to be laid out forthwith in rebuilding repairing or otherwise reinstating the said premises and if the moneys so received shall be insufficient for the purpose will make good the deficiency out of his own moneys

7. AND will not at any time during the said term carry on or permit to be carried on any trade manufacture or business upon the said premises or permit the same to be occupied or used in any way or manner whatever other than as a private dwelling house

8. AND will not except by Will assign transfer or underlet the said demised premises or any part thereof without the consent in writing of the Lessor first had and obtained such consent not to be unreasonably withheld in the case of a responsible and respectable assignee or tenant

PROVIDED ALWAYS that if the said yearly rent of One hundred and fifty pounds or any part thereof shall be in arrear for the space of twenty-one days next after any of the days whereon the same ought to be paid as aforesaid whether the same shall or shall not have been legally demanded OR if there shall be any breach or non-performance of any of the Lessee's covenants hereinbefore contained THEN and in any of the said cases it shall be lawful for the Lessor at any time thereafter to re-enter into and upon the said demised premises or any part thereof in the name of the whole and to have again repossess and enjoy the same as in his former estate

PROVIDED ALWAYS and it is hereby declared that if the

Lessee shall be desirous of determining this lease at the end of the first seven or fourteen years of the said term and shall give notice in writing of such desire to the Lessor or his Agent or leave such notice at the usual or the last known place of abode in England or Wales of the Lessor or his Agent six calendar months before the end of the first seven or fourteen years then and in such case at the end of such seven or fourteen years as the case may be the term hereby granted shall cease but subject to the rights and remedies of the Lessor for or in respect of any rent in arrear or any breach of any of the Lessee's covenants

AND the Lessor hereby covenants with the Lessee that the Lessee paying the rent hereby reserved and observing and performing the covenants and conditions herein contained and on his part to be observed and performed shall and may peaceably and quietly possess and enjoy the said premises hereby demised during the said term without any lawful interruption from or by the Lessor or any person rightfully claiming from or under him

IN WITNESS whereof the said parties to these presents have hereunto set their hands and seals the day and year first above written

Signed Sealed and  
Delivered by the said  
James Jones in the  
presence of  
MARY THOMPSON,  
874 LONG STREET,  
BRIGHTON  
MARRIED WOMAN

JAMES JONES

L.S.

Signed Sealed and  
Delivered by the said  
Thomas Smith in the  
presence of  
JOSEPH RICHARDS,  
797 FLEET STREET,  
LONDON, E C  
SOLICITOR'S CLERK

THOMAS SMITH

L.S.





covenants running with the reversion is now precisely similar to the position of the lessee with respect to covenants running with the land" (*Stuart v. Joy, supra*)

In addition to these covenants, there is generally what is called a proviso or condition for re-entry in case of non-payment of rent, or non-performance or non-observance of the covenants. But now relief against this forfeiture of the lease is generally possible. If it is for non-payment of rent, proceedings may be stayed by payment of the rent and costs before judgment, or by paying them within six months after judgment. In regard to relief in other cases of forfeiture, this is regulated by the Conveyancing Act, 1881, and the Conveyancing Act, 1892, but the provisions are too minute and technical to be detailed here.

There is often also in leases a condition or covenant that the lessee shall not assign or underlet the premises without the permission of the lessor, and that this consent shall not be unreasonably or arbitrarily withheld. This consent under such a form of covenant cannot be unreasonably withheld, but it is evident that if there is any dispute about this the assignment cannot safely be made, unless the lessee acts under direction of the court. And if there is a simple prohibition of assigning or underletting, the lessee is bound absolutely not to do so, and no assignment or underlease would be good without the landlord's consent, and the court would not relieve against forfeiture. Moreover, unless there is an agreement in the lease that the lessor may demand a fine for his licence or consent, he cannot exact such a fine. The covenant usually runs: "Shall not assign, underlet, or part with" the premises. The difference between an assignment and an underletting is that in the first the lessee parts with all the term to the purchaser, in the second he retains some part of the term, be it only the last day, in himself. The effect of an assignment is that the assignee becomes liable to the lessor for the breaches of covenants which run with the land, but the sub-lessee who takes anything less than the whole term is not liable to the lessor, but to the sub-lessor for breaches of covenant.

As leaseholds are personal property, the same rules are applicable in regard to the persons who are entitled to them on the death of the lessee, as on the death of any other owner of such property. If he dies intestate, the leaseholds vest in the persons to whom the Court of Probate grants administration. Since 1898, indeed, the devolution on the administrators is the same both for realty and chattels real, and for other kinds of personality, but the difference is that while the administrators hold real property as trustees for the heir-at-law, they hold leaseholds on behalf of the next-of-kin of the intestate, amongst whom they are distributed in the same way as is other personal property, and subject to the payment of his debts.

If leaseholds are bequeathed by will they go to the executors with other personal property, and the executors can dispose of them for raising money or paying debts as they can other chattels. Before the year 1837, if a testator gave by will all his lands and tenements, this did not pass the leaseholds, unless he had no freehold lands. Since the Wills Act of that year, general words giving land or property will pass both freeholds and leaseholds, unless a contrary intention is expressed. But the words must be such as would describe a leasehold estate.

Thus "real estate," "freeholds," or similar words would not pass leaseholds unless the testator had no freeholds at all. Where an owner of leaseholds is not domiciled in England, that is has not his settled permanent home here, but in a foreign country, the leaseholds are not distributed, if he has not made a will, according to the law of the country of the domicile, but according to the law of England. Usually personal property follows the law of the domicile, but leaseholds are immovables—they are interests in the soil of this country, and so they are distributed as the law of this country and not as a foreign land directs.

So if a foreigner who has leaseholds in England makes a will not attested in the form prescribed by the Wills Act, 1837, but made in the foreign form, the beneficial interest will not pass by such an instrument (*Pépin v. Bruyère*, 1902, 1 Ch. 24). This was formerly the law when a British subject made a will abroad. Now, however, by Lord Kingsdown's Act, 1861 (24 and 25 Vict. c. 114), every will made out of the United Kingdom by a British subject, no matter where his actual domicile may be, and validly executed according to the forms required by the law of the place where it is made, is well executed as regards personal estate, and will pass leaseholds. (*In re Grassi*, *Stubbsfield v. Grassi*, 1905, 1 Ch. 584).

**LEATHER.**—The skins or hides (*qv*) of all animals can be made into leather, but the animals most used for this purpose are the ox, cow and calf, goat and kid, sheep and lamb, horse and colt, deer, and buffalo. There are several distinct methods of preparing leather but they all depend upon the combination of the tannic acid of some tanning material, such as oak bark, with the gelatinous substance of which the skins largely consist. The various processes extend over a lengthy period. Most skins are prepared for unhairing by immersion in a milk of caustic lime, mixed as a rule with some alkaline sulphide, but when a particularly solid leather is required, the hides are subjected to a different process, known as "sweating". They are next stretched so as to open the pores and make the material capable of absorbing the tannin, which is usually of vegetable origin. A weak infusion of the tanning substance is first employed, but this is gradually increased in strength. In the case of sole leather, the process of tanning covers a period varying from three to six or even twelve months. The hides are then drained, dried, and curried. The last-named process involves saturation with fatty substances, graining, and smoothing. Further treatment is required in the preparation of special kinds of leather.

Morocco leather is the name applied to the skins of goats tanned with sumach, but the term often includes sheep skins similarly treated, though the latter are more correctly known as roan leather. Chamois leather is a particularly soft variety, now generally made from sheep skins by treatment with oil alone. The finest "chamois" goods are, however, still prepared from deerskins. Buff leather is prepared from ox or cow hides. Russia leather is smooth, brownish-red leather, which owes its peculiar odour to the oil of birch bark with which it is impregnated. Patent leather is prepared from ordinary leather by means of a special varnish.

The manufacture of leather and leather goods is a flourishing British industry. Among the most important articles produced are boots, shoes, gloves, saddlery, furniture, and bags; but the uses of

leather are too many for enumeration. There are quarterly leather fairs at Leeds and one or two public sales in London every month.

**Leather cloth** often known as American cloth does not consist of leather at all. It is a textile fabric of unbleached calico coated with a mixture of boiled oil, dark pigments and other ingredients. It somewhat resembles leather in appearance and is used as a cheap substitute for it in upholstery.

**LEDGER**.—This is one of the principal books kept by merchants and others where the system of book keeping by double entry is in vogue. In this book are recorded all the entries made in all the other books, but the entries are here summarised and classified for the purpose of ready reference. The name posting the ledger is given to the act of transferring the entries. (See **BOOKS OF ACCOUNT**.)

**LEEK**.—A member of the onion family grown chiefly in Wales and Scotland. It is used in cookery as a vegetable and for seasoning purposes.

**LEEMAN'S ACT**.—This is the name by which an Act of Parliament (30 Vict. c. 29) is known which deals with the purchase and sale of bank shares. Legislation affecting dealings in one particular class of share is something out of the common, and the idea underlying this Act is that unrestricted speculation in the shares of banking institutions might shake confidence in the stability of such institutions as for instance a fall in the price might occur due merely to large bear sales, but the effects of which would be disturbing to the mind of the general public and might prove detrimental to the credit of the bank concerned. The Act provides that every seller of bank shares shall declare to the buyer at the time the bargain is entered into the distinctive numbers of the shares that are to be sold so that in the case of bank shares ordinary speculative bear sales, i.e. the selling of shares not held are practically prohibited. The Act which is a short one consists of three Sections as follows—

(1) All contracts, agreements and tokens of sale and purchase which shall be made or entered into for the sale or transfer or purporting to be for the sale or transfer of any share or shares or of any stock or other interest in any joint stock banking company in the United Kingdom of Great Britain and Ireland constituted under or regulated by the provisions of any Act of Parliament, royal charter or letters patent, loaning shares or stock transferable by any deed or written instrument shall be null and void to all intents and purposes whatsoever unless such contract, agreement or other token shall set forth and designate in writing such shares, stock or interest by the respective numbers by which the same are distinguished at the making of such contract, agreement or token on the register or books of such banking company as aforesaid, and where there is no such register of shares or stock by distinguishing numbers then unless such contract, agreement or other token shall set forth the person or persons in whose name or names such shares, stock or interest shall at the time of making such contract stand as the registered proprietor thereof in the books of such banking company, and every person whether principal broker or agent who shall wilfully insert in any such contract, agreement or other token any false entry of such numbers or any name or names other than that of the person or persons

in whose name such shares, stock or interest shall stand as aforesaid shall be guilty of a misdemeanour and be punished accordingly, and if in Scotland shall be guilty of an offence punishable by fine or imprisonment.

(2) Joint stock banking companies shall be bound to show their list of shareholders to any registered shareholder during business hours from 10 of the clock to 4 of the clock.

(3) The Act shall not extend to shares or stock in the Bank of England or the Bank of Ireland.

The Act is still in force but its provisions are disregarded on the London Stock Exchange as it is not the practice to specify the number of the bank shares on the contract note. Where a person in ignorance of the practice instructs his brokers to purchase certain shares in a joint stock bank and before the setting day repudiates the contract it has been held that the contract is not binding upon him. But if a purchase of such shares is made with full knowledge of the practice the purchaser can not repudiate his contract.

There is also another Act which is sometimes known as Leeman's Act viz. the Borough Fund Act 1872. This Act allows the costs occasioned by promoting and opposing Bills in Parliament to be charged on the local funds.

**LEeward**.—That side of the ship facing the quarter to which the wind is blowing.

**LEeward ISLANDS**.—The Leeward Islands are the northern part of the Lesser Antilles (between Puerto Rico and Dominica). They are small mountainous islands the summits of a submarine range of mountains.

**Climate**.—Although they are considerable local variations the climate is generally hot and equable with a rainy season from May to December and a dry season from February to March. The prevailing wind from the Atlantic brings much moisture to the eastward which are covered with a dense vegetation, while there are few harbours on that side on account of the continual surf.

**Political Divisions**.—Puerto Rico belongs to the United States. St. Thomas and Santa Cruz to Denmark. Martinique and Guadeloupe are French, while the St. Martin group is divided between the French and the Dutch.

The bulk of the population is black, descended from the negro slaves imported to work on the plantations.

The French Islands of Martinique and Guadeloupe both suffer from earthquakes and hurricanes. At one time the sugar industry was flourishing and the islands were prosperous, but the competition of beet sugar and the lack of modern methods have thrown the islands backward.

**BRITISH ISLANDS**.—The chief British islands are the Virgin Islands, Barbuda, Antigua and Dominica. The total area of the British islands is 700 square miles and the population is about 130,000.

They are divided into five groups or presidencies the principal islands in each being Antigua, St. Kitts, Dominica, Montserrat and the Virgin Islands. They are administered mainly as a Crown colony.

**The Virgin Islands**.—Some sugar is grown and provisions are exported to St. Thomas.

**Barbuda** (400) is the chief town.

**Antigua** with which are included Barbuda and Redonda produces sugar and lemons and is in direct communication with New York, Britain



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are liable to abate in proportion as between themselves.

Another important division of legacies is into vested and contingent. To which class a legacy belongs depends upon the language of the will for if the testator has clearly shown that it is his intention that the legatee should have the legacy in any case though the time of enjoyment is postponed and the legatee dies before that time arrives the legacy is vested in the legatee at the testator's death and becomes payable to the administrators of the legatee but if the gift is purely contingent upon the legatee attaining a certain age or upon the happening of a certain event then the legacy is a contingent one and unless the condition is fulfilled the legacy will not go to the administrators of the legatee but will wholly fail.

For example where a legacy is given to a person to be paid or payable at a certain age e.g. twenty one and the legatee dies before attaining that age the interest is vested in the legatee immediately on the testator's death and passes on the legatee's death to his personal representative time being annexed to the payment and not to the legacy itself but where a legacy is given to a person at e.g. twenty-one or when or if he shall attain twenty one and the legatee dies before that age the legacy lapses for the right of the legatee is made to depend upon his being alive at twenty-one. As a general rule the giving of interest, however small on a legacy or a direction for the legatee's maintenance until he attains the age mentioned is sufficient to vest the legacy. If the payment is postponed merely for the convenience or benefit of the testator's estate the legacy is vested. If the words of the testator leave any reasonable doubt as to their meaning the court leans strongly towards holding the legacy vested rather than contingent.

A legacy may fail in consequence of (1) uncertainty or vagueness of the sum bequeathed or of the person or object intended e.g. a legacy of a hand some sum to a charity so vaguely described as to be unascertainable would be bad on both grounds. (2) the insolvency of the testator's estate or (3) the death of the legatee in the testator's lifetime in which case the legacy is said to lapse. A testator may provide for a lapse and give by his will the legacy to the legatee's representative in case of his death but a bequest will lapse even though the bequest is made to the legatee his executors administrators and assigns. A lapsed legacy will fall into the residue of the estate and the property comprised in it will become the property of the residuary legatee. If it is the residuary legatee who predeceases the testator the lapse of his share creates an intestacy as to that amount. There is an exception to the rule as to lapse when the legatee is a child or other issue of the testator. It is provided by the Wills Act 1837 sect. 33 that in such a case the children or issue of the legatee if there are any shall not suffer by the death of the legatee during the lifetime of the testator but that unless there is a contrary intention expressed in the will the intended legacy shall take effect as if the death of the intended legatee had happened immediately after the death of the testator. The effect of this is not that the issue takes the legacy or in case of real property the devise but that it passes so to speak by the will or under the intestacy of the original legatee or devisee as the case may be. For the purposes of the above Section 33 a posthumous child of a testator's child conceived

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Formerly the residue of a testator's personal estate if there was no residuary legatee belonged after payment of debts and legacies to the executor for his own benefit unless a contrary intention could be gathered from the will but by an Act of 1830 the executor is to be deemed a trustee for the persons who would be entitled to the estate under the Statute of Distributions in respect of any residue not expressly disposed of unless it appears from the testamentary document that the person appointed executor was intended to take the residue beneficially.

At common law unless and until the executor had assented to a legacy there was no right of action against an executor to recover it. If the executor withheld payment a legatee had recourse to a court of equity and proceedings are still taken in the Chancery Division. Where the value of the testator's estate does not exceed £500 proceedings may be taken in the proper county court. Legacies generally become due at the testator's death but are not payable for a year for an executor is entitled to a year for collecting the assets and paying the debts nor can a testator by directing immediate payment compel his executors to pay a legacy sooner. Executor however may pay legacies sooner if they have money in hand and the estate is plainly solvent and in some cases would be acting improperly in refusing to do so. The executor's assent which need not be in writing or even by express words but may be inferred from conduct e.g. paying interest or making payments on a count takes effect as an admission that there are assets of the testator sufficient for the payment of that particular legacy and therefore he makes himself responsible for the payment in the case of the assets proving deficient unless he can show that the assent was given by mistake or that the assets were sufficient when he assented or that the subsequent loss is not his fault. An assent to a legacy to a tenant for life operates as an assent to the legacy in remainder as well. Legacies need not necessarily be paid in cash but an executor may transfer any part of the estate to a beneficiary who is not subject to disability and entitled to payment at the proper market price. Sometimes a legatee prefers to renounce a legacy e.g. here it is burdened with onerous conditions or he wishes to benefit the residuary legatee in which case it is better that he should disclaim by deed. As to interest specific legacies are payable and interest thereon runs from the death of the testator from which date all accretions such as dividends and bonuses are carried with the legacy. General legacies on the contrary unless otherwise provided by the testator are not payable until the expiration of a year from his death. Legacies payable upon the happening of a future event e.g. the death of a tenant for life carry interest from the event.

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For map, see *WLST INDIES*.

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legacies is of great importance. In the administration of assets the order of the application of a legacy depends upon whether it is considered to be general or specific, so that upon the construction put upon it in this respect the question as to whether the legatee shall enjoy it or not may wholly rest. In this respect the position of a specific legatee is more advantageous than that of a person whose legacy is general; but in another respect the contrary is the case. Thus, if after a testator has given a specific legacy the thing specifically given ceases to exist, or ceases to belong to the testator, the legacy is held to be adeemed. The legatee loses the entire benefit of it, and cannot claim compensation out of the general estate. A specific legacy, however, has the advantage of not being liable to abatement. A general legacy, on the other hand, is not liable to ademption. It is payable out of any and every part of the assets not required for the payment of debts, and not specifically disposed of, and all general legacies, in the case of an insufficiency of assets, are payable *pari passu*, unless the testator has given to some a priority over others. If the particular fund has ceased to exist at the death of the testator, a demonstrative legacy becomes a general legacy, and is not adeemed.

A testator sometimes bequeaths money to a person to whom he owes money at the date of making his will, and *prima facie* the courts hold in such a case that the intention was to pay the debt with the legacy. The courts, however, are very ready to discover circumstances to avoid the application of this principle, and so anything which renders the legacy less advantageous to the legatee than payment of the debt is used to infer that the testator meant the legacy as an act of bounty. Instances of the above are: A legacy of a lesser amount than the debt, or of residue, or a legacy given conditionally or contingently, or where, even when the amounts are the same, the legacies are to be paid at some future date. A legacy of a lesser amount than the debt is payable in full, and does not wipe out part of the debt. Where a legatee is indebted himself to the testator's estate, he can receive nothing from the testator's bounty until he has brought into account the amount due in respect of the debt, but this principle does not apply where the debt is owed by a partnership of which the legatee is a member.

Legacies may be conditional. Conditions are either precedent or subsequent, *i.e.*, the legatee has to perform the condition either before he gets the legacy or after. Conditions partly in restraint of marriage, *e.g.*, forbidding marriage without consent, or under a reasonable age, or with a person of inferior social position, or of a particular religious persuasion, are valid. Conditions against disputing the validity of the will, or instituting administration proceedings without reasonable cause, are also valid. In certain cases the conditions imposed are bad, and a legatee may take the legacy in the face of the condition.

Where, after the payment of debts, there is a deficiency of assets to pay all the legacies, legacies abate in proportion unless a preference is given to any particular legacy, for a testator is presumed to mean that the legacies should be paid equally, unless he expresses a contrary intention. Where, however, there are specific as well as general legacies, priority is given to a specific over a general legacy, and the specific is not liable to abate until the general is exhausted. Specific legacies, of course,

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of a horse) it is calculated on those payments. Where legacies are given subject to a contingency duty is payable but if the gift is defeated the duty may in some cases be recovered. A legacy disclaimed or lapsed carries no duty. The duty is calculated on the value at the date of payment so that any additions since the death are subject to the duty.

The duty falls upon the legatee and not upon the estate of the deceased unless in the case of a will the testator has otherwise expressly directed and even then if the residue is deficient the legatee must pay. It is a general rule however for a testator when bequeathing a legacy of small value to direct that it shall be paid free of legacy duty. The executor however is primarily liable to the authorities for the collection of legacy duties but the ultimate burden falls on the legatee unless exonerated by the will and a failure to pay renders the defaulter liable to heavy penalties. As to specific legacies an executor has the right to recover against the specific legatee any duty paid on his account. (See ESTATE DUTY EXECUTOR LEGACY SUCCESSION DUTY.)

**LEGAL DAY**—The whole of a day commencing up to the hour of midnight. When a person has entered into a contract to carry out a certain thing by or on a certain day, there is no default until the whole of the day has passed. Thus if rent is due and payable upon a quarter day it is not in arrear until the following day and therefore until the following day is reached there is no right of distress (*q.v.*)

**LEGAL ESTATE**—A person is said to have a legal estate in land when his own personal title to it is complete. Thus if A is the tenant in fee simple (*q.v.*) of land he has the legal estate and can dispose of it practically as he chooses. But if on the contrary A enjoys all the rents and profits arising out of an estate but the estate is vested in B as trustee (B's duty being *inter alia* to hand over the rents and profits to A) B has the legal estate whilst A has only the equitable estate (*q.v.*)

**LEGAL MORTGAGE**—Where a person who has a legal estate conveys the same by deed to a mortgagee subject to the right of the mortgagor to have the property re-conveyed upon repayment of the loan and interest the mortgagee has the legal estate (*q.v.*) and the transaction is known as a legal mortgage. If the deeds relating to the property are simply handed over to the mortgagee with or without a memorandum of charge it is an equitable mortgage (*q.v.*) which is created. (See MORTGAGE.)

**LEGAL QUAY**—A wharf or quay which is licensed by the Customs authorities for the landing and storage of bonded goods (*q.v.*)

**LEGAL TENDER**—This means such money as a creditor is obliged to accept in satisfaction of a debt owing to him and the refusal of which will place him in a wrongful position if an action at law arises and the debtor pays the amount into court with a plea of tender. A legal tender requires that the exact amount of the debt shall be offered by the debtor to the creditor and no change can be demanded.

By the Coinage Act of 1870 the following are declared to be legal tender in the United Kingdom—

- (1) Gold coins up to any amount
- (2) Silver coins up to £2
- (3) Bronze coins up to 1s

In England and Wales (but not in Ireland

or Scotland) Bank of England notes payable to bearer on demand are a legal tender for any sum above £5 so long as the bank continues to pay its notes in legal coin except at and by the bank itself or its branches. The bank in London is bound on presentation to pay the holder of any of its notes in money its branches are bound to pay in money only such notes as are made specially payable at the branch where the note is presented for payment.

Notes are not a legal tender in the Isle of Man and the Channel Islands.

It will be noticed that a £5 note is not a legal tender for a debt of £5 though it is quite good as such if used in payment of a debt exceeding that amount. Thus a debt of £5 0s 1d can be legally discharged by a £5 note and a penny though the note is of no legal value as a tender if the debt is exactly £5.

There is no legal tender if the gold silver or bronze coins offered in payment are defaced by being stamped with any name or names thereon whether such coins are or are not thereby diminished or lightened.

The gold coinage made at the mints of Sydney Melbourne and Perth (Western Australia) was declared legal tender in the United Kingdom by Royal Proclamations in the years 1866 1869 and 1897 respectively.

Pre Victorian sovereigns and half sovereigns are not now legal tender. They were called in by the Coinage Act of 1889.

A tender of country bank notes if not objected to by the person to whom they are offered will act as a legal tender.

In the case of country bank notes which are accepted in payment at the time when a sale is made the person who takes such notes takes them at his own risk and if he should find that the bank which issued the notes has failed he must suffer the loss himself. Unless he can prove that the person from whom the notes were received knew at the time of the sale that the bank had failed the holder of the notes will not in an ordinary case have any remedy against that person. But the position is different when notes are received in settlement of a debt as the debt will not be considered to have been paid if the person who takes the notes finds that the bank has failed and he is unable to obtain payment of them. He must however present the notes at the bank within a reasonable time and give due notice of their dishonour to the person from whom he received them otherwise that person will be discharged from liability. And the case is the same where change has been given for a bank note for the purpose of obliging a person.

Scotch notes are not legal tender in Scotland neither are Irish notes legal tender in Ireland except Bank of Ireland notes when used in payment of the Revenue of Ireland (1 and 2 Geo IV c 72). (See COINAGE.)

When a banker cashes a cheque he does so in such notes or coins as may be desired by the customer and it is not often that he has to consider in what form a payment should be made in order to constitute a legal tender. Except in the case of the Bank of England a cheque for £50 may be cashed in order to be a legal tender as follows. It may all be in bank notes or in gold (sovereigns or half sovereigns) or 40 shillings may be in silver

Legacies, however, carry interest from the testator's death in certain cases, *e.g.*, if the legacy is in place of a debt, or is charged on land simply without any trust for sale; or is given to a child of the testator, or to a person with regard to whom the testator has placed himself *in loco parentis*, unless the testator has made other provision for the child's maintenance. An infant child entitled under the will of its parent to a legacy contingently on its attaining twenty-one is entitled to maintenance during its minority out of the income of the legacy. Demonstrative legacies resemble general legacies both as to time of payment and interest. The rate of interest is generally 4 per cent. Where legacies are payable to infants, the money should be paid into court, and not to the infant's guardian, unless there is a special direction to that effect in the will. (See EXECUTOR, LEGACY DUTY.)

**LEGACY DUTY.**—This is a tax paid to the Government upon all bequests of personal chattels or movable property, situate whether at home or abroad, made by a testator who is domiciled in the United Kingdom at the time of his decease. The duty is also payable upon *donationes mortis causa*, upon conditional gifts ordinarily, upon profits derived from the powers of management of the deceased's estate, when expressly conferred by the will, and upon releases from debts due to the testator. The duty when it was first levied was nothing more than a stamp duty given upon the receipt of the legacy, but in 1796 the duty was imposed on the property itself. When a legacy is paid, whether it is payable out of the testator's own personal estate or out of personal estate over which he possessed a power of appointment, the legatee must give a receipt which is charged with legacy duty according to the amount of the legacy. Residuary bequests are liable to the duty like other legacies. Leasehold property, though personal property, is, however, exempt from legacy duty, and is charged instead with a succession duty, calculated on the same principles as duty charged on realty or the proceeds thereof. A legacy to a person who dies before the testator, if given in such a way as not to lapse but to pass to his representatives, is subject to the duty. The duty is payable equally on the devolution of property in case of intestacy. Formerly legacy duty was divided into five distinct classes, according to the degree of relationship, but now the rates of the duty which is payable on the principal value of the property received, subject to certain exceptions, set out in the Finance Act, 1910, are, generally speaking, as follows—

	<i>Per cent</i>
Husband or wife, or children of the deceased, or their descendants, or the father, or mother, or other lineal ancestor of the deceased	£ 1
Brothers and sisters of the deceased, or their descendants, or the husbands and wives of such persons	5
Any person in any other degree of collateral consanguinity, or a stranger in blood	10
Until the passing of the Finance Act, 1910, husbands and wives taking from each other were exempt, but now they pay 1 per cent, subject to exceptions, as shown below, which apply equally to lineal ancestors or descendants	

By Section 58 of the Finance Act, 1910, sub-section (2) the duty shall be levied and paid in cases where the person taking the legacy or succession is the husband or wife of the deceased,

intestate, or predecessor, as in the cases where the person taking the legacy or succession is a lineal ancestor or descendant of the testator, intestate, or predecessor, provided that the duty shall not be levied (a) where the principal value of the property passing on the death of the deceased in respect of which estate duty is payable does not exceed £15,000, whatever may be the value of the legacy or succession, or (b) where the amount or value of the legacy or succession derived by the same person from the testator, intestate, or predecessor does not exceed £1,000, whatever may be the principal value of such property, or (c) where the person taking the legacy or succession is the widow or a child under the age of twenty-one of the testator, intestate, or predecessor, and the amount or value of the legacy together with any other legacies or successions derived by the same person from the testator, intestate, or predecessor, does not exceed £2,000, whatever may be the principal value of such property.

In addition to the exemptions in favour of the class paying 1 per cent., there are also the following exemptions—

(a) On legacies for the benefit of the Royal Family

(b) On specific, but not pecuniary, legacies under the value of £20

(c) When the total value of the personality does not exceed £100

(d) Where the estate chargeable with estate duty on the death of the deceased, excluding property settled otherwise than by will, does not exceed £1,000 (net value), the duty is covered by the payment of estate duty or the fixed payments in lieu of estate duty. This exemption applies also to succession and settlement estate duty.

(e) Plate, furniture, etc., not yielding income given to different persons in succession, until they come to a person having an absolute interest in them.

(f) Sums paid over without grant of probate or administration, *e.g.*, not exceeding £100 under the Savings Bank Act.

(g) In case of soldiers or sailors killed on active service.

(h) On books, prints, and specific articles given to a public body for preservation, and not for sale.

Annuities and limited interests are reckoned as legacies. When the property is settled by way of succession, the duty is payable immediately if it is payable throughout at the same rate, but if that is not the case, every beneficiary must pay according to the amount of his interest.

The principal Acts relating to the duty are the Legacy Duty Act, 1796, the Stamp Act, 1815, the Customs and Inland Revenue Act, 1881, and the Finance Act, 1910. The duties are collected by the Inland Revenue Department, which examines the records of the Probate Division and inspects the original wills deposited in the various probate registries. In the case of specific legacies, the executors value the articles bequeathed, though the Commissioners of Inland Revenue have the right to have them valued on their own behalf. Where an annuity is bequeathed, the executors may calculate its value by the succession duty tables and pay by four yearly payments, but if the annuitant dies before the four years are out, the duty is payable only on the instalments already accrued. Where the value of the legacy can only be arrived at by the payments made (*e.g.*, a legacy for the maintenance

of a horse) it is calculated on those payments. Where legacies are given subject to a contingency duty is payable, but if the gift is defeated the duty may in some cases be recovered. A legacy disclaimed or lapsed carries no duty. The duty is calculated on the value at the date of payment so that any additions since the death are subject to the duty.

The duty falls upon the legatee and not upon the estate of the deceased, unless in the case of a will the testator has otherwise expressly directed, and even then if the residue is deficient the legatee must pay. It is a general rule however for a testator when bequeathing a legacy of small value to direct that it shall be paid free of legacy duty. The executor however is primarily liable to the authorities for the collection of legacy duties, but the ultimate burden falls on the legatee unless exonerated by the will, and a failure to pay renders the defaulter liable to heavy penalties. As to specific legacies an executor has the right to recover against the specific legatee any duty paid on his account. (See ESTATE DUTY, EXECUTOR, LEGACY, SUCCESSION DUTY.)

**LEGAL DAY**—The whole of a day commencing up to the hour of midnight. When a person has entered into a contract to carry out a certain thing by or on a certain day, there is no default until the whole of the day has passed. Thus if rent is due and payable upon a quarter day it is not in arrear until the following day, and therefore until the following day is reached there is no right of distress (*q.v.*).

**LEGAL ESTATE**—A person is said to have a legal estate in land when his own personal title to it is complete. Thus if A is the tenant in fee simple (*q.v.*) of land he has the legal estate, and can dispose of it practically as he chooses. But if on the contrary A enjoys all the rents and profits arising out of an estate, but the estate is vested in B as trustee (B's duty being *inter alia* to hand over the rents and profits to A), B has the legal estate, whilst A has only the equitable estate (*q.v.*).

**LEGAL MORTGAGE**—Where a person who has a legal estate conveys the same by deed to a mortgagee, subject to the right of the mortgagor to have the property re-conveyed upon repayment of the loan and interest, the mortgagee has the legal estate (*q.v.*) and the transaction is known as a legal mortgage. If the deeds relating to the property are simply handed over to the mortgagee, with or without a memorandum of charge, it is an equitable mortgage (*q.v.*) which is created. (See MORTGAGE.)

**LEGAL QUAY**—A wharf or quay which is used by the Customs authorities for the landing and storage of bonded goods (*q.v.*).

**LEGAL TENDER**—This means such money as a creditor is obliged to accept in satisfaction of a debt owing to him, and the refusal of which will place him in a wrongful position if an action at law is brought, and the debtor pays the amount into court with a plea of tender. A legal tender requires that the exact amount of the debt shall be offered by the debtor to the creditor, and no change can be demanded.

By the Coinage Act of 1870 the following are declared to be legal tender in the United Kingdom—

(1) Gold coins up to any amount.

(2) Silver coins up to £5.

(3) Bank notes up to £5.

In England and Wales the following are also

or Scotland) Bank of England notes payable to bearer on demand are a legal tender for any sum above £5, so long as the bank continues to pay its notes in legal coin except at and by the bank itself or its branches. The bank in London is bound on presentation to pay the holder any of its notes in money, its branches are bound to pay in money only such notes as are made specially payable at the branch where the note is presented for payment.

Notes are not a legal tender in the Isle of Man and the Channel Islands.

It will be noticed that a £5 note is not a legal tender for a debt of £5, though it is quite lawful as such if used in payment of a debt exceeding that amount. Thus a debt of £50s. 1d. can be legally discharged by a £5 note and a penny, though the note is of no legal value as a tender if the debt is exactly £5.

There is no legal tender if the gold silver or bronze coins offered in payment are defaced by being stamped with any name or names thereon, whether such coins are or are not thereby diminished or lightened.

The gold coinage made at the mints of Sydney, Melbourne and Perth (Western Australia) was declared legal tender in the United Kingdom by Royal Proclamations in the years 1866, 1867 and 1897 respectively.

The Victorian cover, 1895 and half-sovereigns are not now legal tender. They were called in by the Coinage Act of 1889.

A tender of country bank notes if not objected to by the person to whom they are offered will act as a legal tender.

In the case of country bank notes which are accepted in payment at the time when a sale is made the person who takes such notes takes them at his own risk, and if he should find that the bank which issued the notes has failed he must suffer the loss himself. Unless he can prove that the person from whom the notes were received knew at the time of the sale that the bank had failed the holder of the notes will not in an ordinary case have any remedy against that person. But the position is different when notes are received in settlement of a debt, as the debt will not be considered to have been paid if the person who takes the notes finds that the bank has failed and is unable to obtain payment of them. If he does however present the notes at the bank within a reasonable time and give due notice of this to the person from whom he receives them, he otherwise takes the person who be discharged from liability. As in the case is the same where there has been given for a bank note for the purpose of settling a person.

Scottish notes are not legal tender in Scotland, neither are Irish or Northern Irish or Irish or Northern Bank of Ireland notes which are not payable at the Bank of Ireland (Bank of Ireland Act, 1892, (See COINAGE).)

If a banker cashes a cheque he takes no responsibility for the notes or coins which he issues to the customer, a £1 note after that he takes responsibility for it from a payment of it to be made in order to receive a legal tender. It is not the case of the Bank of England and the Bank of Scotland, because in these banks the notes are issued by the bank, and all the notes are in fact the same, and the bank is responsible for the notes.





# RECEIPT

## THE COMPANY LIMITED

Receipt for allotment money paid on  
Preference Shares making s d per share

Received of the sum  
pounds shillings  
pence being the amount due  
on allotment of Preference Shares of  
£1 each in the above Company  
For the Bank Ltd

Cashier  
£ 19

Below the receipt and divided by a perforation  
appears the following—

To Messrs & Co  
Bankers of  
Please receive for the sum of £  
in payment of allotment money due hereunder  
Signed

The latter portion is filled in and signed by the  
shareholder whilst the banker tears off this slip as  
a voucher to be handed to the Company the allot-  
ment letter with the receipt portion at the foot of  
it intact he completes and returns to the share-  
holder

The reference number appearing on the letter the  
receipt and voucher will be in triplicate for the  
purposes of identification

At the bottom of the form below the bank  
voucher portion it is customary to state that the  
entire document should be forwarded to the com-  
pany's bankers intact accompanied by the remit-  
tance and that the letter and receipt after reach-  
ing the shareholder should be retained by him to  
be exchanged in due course with the receipts for  
other instalments for the above certificate when  
read

Some variation in the wording of the second  
paragraph of the letter is necessary occasionally in  
no less than three instances but this departure  
from the form as described is only necessary where  
large applications have been received and the allot-  
ments made only amount to a fraction of the shares  
applied for The most common form is the one  
given where a sum is demanded to complete the  
amount due on allotment this would apply to  
those cases where either the full shares applied for  
have been allotted or where only a partial allotment  
has been secured but the deposit money is never-  
theless insufficient to cover the instalments of  
application and allotment combined The second  
cause for varying the form is to meet those instances  
when the allotment is so small as to leave an  
amount over out of the deposit money In such  
cases the allotment letter combines within itself  
something of the nature of a Letter of Regret  
whilst the form at the foot will be a warrant to the  
bankers to pay the holder the sum due to the  
shareholder for the excess of deposit over applica-  
tion and allotment instalments a similar warrant

as used in the case of a Letter of Regret (q.v.)  
will suffice The third instance is where the allot-  
ment made exactly balance the amount paid on  
deposit or if only sufficient shares have been  
allotted such as will just absorb the amount paid  
on application Briefly put the three classes of  
allotment letter may be stated thus (a) When  
a balance is due to the company (b) when a balance  
is due to the shareholder (c) when the deposit  
money is equal to the amount due at the stage of  
allotment

**Letter of Allotment to Vendors etc.** This is a form  
of allotment letter which essentially differs in form  
from that employed in the ordinary course of allot-  
ment where shares are applied for in the ordinary  
manner i.e. in response to an offer contained in a  
prospectus Allotments of shares made to a vendor  
are contracted for as a part of the consideration  
or purchase price of the business or for services  
rendered in connection with the promotion In any  
case allotments of shares so made must be sup-  
ported by contracts showing that valuable con-  
sideration passes The form of such a letter must  
embrace the following points—

(1) Mention the resolution passed by the Board  
dealing with the allotment

(2) State that the shares are fully paid up or to  
what extent they are paid up and if calls will  
become due upon the shares an intimation should  
be made that the allottee becomes liable for such  
calls in the same manner as other holders of the  
same class of share or shares

(3) The distinctive number of shares are to be  
stated

(4) The date of filing the contract at Somerset  
House covering the issue of the shares

(5) Giving a date when the letter may be  
exchanged for a share certificate

(6) Asking for an acknowledgment signifying  
acceptance of the shares

**Stamp Duties** All Letters of Allotment have  
to stamp duty (See ALLOTMENT OF SHARES)

**LETTER OF ATTORNEY**—(See POWER OF  
ATTORNEY)

**LETTER OF CHARGE**—Where bearer securities  
are taken by a banker as cover for an advance made  
by him to a customer it is usual for a letter of  
charge or memorandum of deposit to be given to  
show the purpose for which the securities have  
been deposited Certificates are sometimes lodged  
along with a simple letter or a memorandum of  
deposit but such a document does not give the  
banker a good security (See TRANSFER OF SHARES)

A letter of charge for bearer securities or certifi-  
cates is subject to a stamp duty of 6d. irrespective  
of the amount The stamp may be either adhesive  
or impressed (See MEMORANDUM OF DEPOSIT)

**LETTER OF CREDIT**—This is a document or  
order given by a banker or other person in one  
place authorising some other banker or person to  
whom it is addressed in another place to pay to  
a specified person a certain sum of money and to  
charge the amount to the creditor of the letter of  
credit In the case of bankers it may take the  
form of authorising the banker to whom it is  
addressed to honour all drafts drawn according to  
the terms of the credit and for which the issuing  
banker will hold himself responsible The letter  
of credit should be very particular in its form and  
should state accurately the time during which it  
is to remain in force

The above is generally known as an "open" or

"clean" letter of credit. There is also what is known as a documentary letter of credit, which authorises the drawing of bills upon the grantor, and undertakes to honour them if certain documents of title to goods named are sent to the grantor.

Where a banker is authorised to pay money under a letter of credit, especially when it is a question of drawing cheques, the paying banker should be supplied with a specimen of the signature of the person who is entitled to draw the money as a precaution against forgery. It is unnecessary to lay stress upon the importance of seeing that all the terms of the letter of credit are strictly observed.

Where a letter of credit is shown to a merchant abroad who is selling goods to the holder of the letter, it has the effect of satisfying the merchant that the bill will be duly accepted by the banker issuing the letter. The essence of a letter of credit is, "that the person taking bills on the faith of it is to have the absolute benefit of the undertaking in the letter, and to have it in order to obtain the acceptance of the bills which are negotiable instruments payable according to their tenor, and without reference to any collateral or cross claims."

A letter of credit is not a negotiable instrument, as it is generally too vague in its character, and, therefore, payment can only be legally demanded by the person who is named in it.

For the purpose of stamp duty, a letter of credit is treated as a bill of exchange, but a letter of credit granted in the United Kingdom, authorising drafts to be drawn out of the United Kingdom payable in the United Kingdom is exempt from duty. (See CIRCULAR LETTER OF CREDIT, CIRCULAR NOTES.)

**LETTER OF HYPOTHECATION.**—This is a document signed by a debtor giving a banker or other creditor a charge upon goods which belong to the debtor, whilst the goods are remaining in the custody of a third party. The letter should, in the ordinary course of things, give the banker or other creditor the right to sell the goods in default of payment of the debt. The letter of hypothecation should be registered as a bill of sale (*qv*).

**LETTER OF INDEMNITY.**—This is a form of a letter usually drawn up in the manner shown below, and used by companies when shareholders have lost share certificates, application receipts, allotment letters, call notices, dividend warrants, or any such documents connected with shares or debentures. None of these documents or duplicates of them should be issued to shareholders unless a Letter of Indemnity has been obtained and completed in the manner shown in next column. It will be seen that the "Letter" amounts to an agreement which requires a 6d stamp to complete it, and, further, it must be attested by a witness, who should be a householder. Some of the companies not only insist upon this Letter of Indemnity, but also require a statutory declaration to be made before a Commissioner for Oaths, and, further, they may require some person of established repute to stand as surety to the declarator.

A complete form of this statutory declaration and surety is given below the Letter of Indemnity. The statutory declaration and surety would probably be only used in cases where directors had reason to suspect the *bona fides* of the person requiring duplicates or certificates in exchange for receipts or allotment letters which had been lost.

The statutory declaration will require an impressed stamp of 2s 6d, whilst the surety attached to it requires an impressed stamp for 6d in addition.

As a general rule, no provision will be found for these matters in articles of association, the precaution of getting letters of indemnity or a statutory declaration as to lost documents is entirely a case of prudence on behalf of those responsible. Regard must, however, be had to the articles of association in force, and care must be observed that, should any provisions in this connection exist, they are followed to the letter.

(SPECIMEN OF LETTER OF INDEMNITY)

To the Directors,  
The . . . . . Company, Limited,

Dear Sirs,

My Letter of Allotment No . . . , for Cumulative Preference Shares numbered . . . to . . . inclusive in your Company, having been lost or mislaid, I hereby undertake, in consideration of your handing me the Certificate for the said shares to indemnify you and save you harmless against any loss or detriment which you may suffer by reason of your so doing, and I hereby declare that I have not knowingly parted with the allotment letter in question; and should the same hereafter come into my possession, I undertake to deliver it up to you.

Yours faithfully,

Signature . . . . .

Witness to the signature  
of the above-named,

Name . . . . .

Address . . . . .

Occupation . . . . .

(SPECIMEN STATUTORY DECLARATION AS TO  
LOST CERTIFICATE AND SURETY.)

I, . . . . . of . . . . . do hereby solemnly and sincerely declare that my certificate, No . . . , for . . . Cumulative Preferred Shares, numbered . . . to . . . inclusive, in The . . . Company, Ltd., has been lost mislaid, or accidentally destroyed, and that I have fully searched for, but have been unable to find the same. And I hereby request the said Company to issue a new Certificate in my name. I further declare that I have not in any way knowingly parted with the said certificate numbered . . . . .

I make this declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1835.

Signature . . . . .

Sworn before me at

this . . . day of . . . , 19.

A Commissioner for Oaths

June 3rd 1912

To the Directors of

The *Lancashire* Bank Limited  
*London E C*

Gentlemen

We have negotiated through your London Office 30 days sight Bill drawn by  
*ourselves* on *Messrs Dyer & Co Bombay* for £600 and as security have  
delivered with the said Bill shipping documents for the following goods —

Invoice for 10 bales prints valued at £600

Policy of Insurance All Risks or for £700 payable in *Bombay*  
F P A

Bill of Lading for 10 bales prints marked *C & Co Bombay* 1/10 per  
SS *City of London*

From *Birkenhead* to *Bombay*

The Freight on which amounting to £ 6—5—0 is paid by *ourselves*

These documents are to be given up on payment of the Bill

If the said Bill should suffer dishonour we hereby authorise you to cause the said goods  
to be sold such sale being for our account at our risk and subject to the usual charges for commission,  
and all incidental expenses

We are Gentlemen

Yours faithfully

*J Simnett & Co*



(SURETY)

No

Date

19

To the Directors of

The

Company Limited

In consideration of your issuing to  
a new certificate for Cumulative Preferred  
Shares we hereby undertake to save you harmless  
from any loss or detriment which you may suffer  
by reason of your so doing

of

Witness to the signature  
of

S<sup>y</sup> name

Address

Occupation

**LETTER OF INDICATION**—When a circular note (*qv*) or a circular letter of credit (*qt*) is issued by a banker it is accompanied by a letter of indication or to use its common name a *lettre d'indication*. The banker first of all signs the document and then the person to whom it is given appends his signature as soon as he has received it. The banker or agent to whom any circular note or letter of credit is presented should demand to see the letter of indication so that he may be satisfied as to the identity of the payee by comparing his signature. It will be seen in the specimen letter below that the numbers of the notes if more than one are given. For the sake of safety the letter of indication should not be carried about except apart from the notes so that if the latter are lost a finder may not make use of them being unaware of the person to whom they are made payable. Again the notes should never be indorsed except in the presence of the paying banker. For if they are indorsed and the payee loses both the notes and the letter of indication a person who is not entitled may succeed in obtaining payment and of course no question of forgery could arise. Unless the dishonest person was traced the loser would have no possible remedy.

The following is a specimen of a letter of indication to accompany circular notes—

No 2795

Date June 21st 191

To Messieurs the Bankers  
mentioned in this Letter of Indication

Gentlemen

We beg to introduce to you  
who is furnished with our Circular Notes numbered  
payable at our Head Office London

We request that you will purchase any of these  
notes presented to you for payment at your current  
rate for demand drafts on London on their being  
indorsed in your presence in accordance with the  
specimen signature below

(This Letter of Indication should be retained by  
the holder until all the Circular Notes have been  
cashed when it is to be surrendered to the Bank  
cashing the last Note)

Your obedient servants

Signature of Bearer

The following is a specimen of a letter of  
indication to accompany a letter of credit—

To Messieurs the Bankers  
mentioned in this Letter of Indication  
Gentlemen

This letter will be handed to you by  
in whose favour we have issued our Letter of Credit  
No recommending to  
your kind attention and referring you to specimen  
signature below

Your obedient Servants

Specimen Signature

(See CIRCULAR LETTER OF CREDIT CIRCULAR NOTES)

**LETTER OF INTRODUCTION**—A letter addressed to a correspondent at a distance introducing the bearer of the letter and requesting a favourable reception for him.

**LETTER OF LICENCE**—Under the Bank Charter Act this is the name of the official letter of authority sent by the Government to the Bank of England upon the latter's application when the Bank Charter Act 1844 is suspended and the Bank of England is allowed to increase its issue of notes as against securities. This letter of licence has been issued in 1847 1857 and 1866 but it was only on the second of the occasions that the Bank took advantage of the authority granted.

In another sense the term letter of licence is used to signify an agreement signed by the creditors of a tradesman who is in financial difficulties permitting him or some person appointed on his behalf to carry on his business for a certain period without their making any demand upon him for the satisfaction of their claims.

**LETTER OF LIEN**—A letter given to a person as security for an advance and making a charge upon the property in the hands of a third party. The document should embody power to sell on failure to meet the debt. An example is found in the case of a person depositing scrip together with a transfer in blank as security for an advance it being usual in this case to forward notice to the company thus notifying the company of the fact that the shares are subject to the lien.

**LETTER OF RECRET**—This is a form used by Companies for the purpose of returning rejected applications for shares. The document is drawn up in the form of an ordinary letter attached to it by means of a perforation is a warrant or cheque on the Company's bankers which enables the depositor to obtain a repayment of his money. Such a letter would be drawn up as follows—

THE COMPANY LTD

No

Registered Office

191

Sir or Madam

I am directed to inform you that the Directors  
regret they are unable to allot to you any of the

Ordinary Shares applied for by you  
in your application on dated the day of

191. A cheque for £ is appended being  
the amount of your deposit accompanying your form  
of application. Will you kindly sign this cheque in  
the space provided at the foot thereof and present it  
to your bankers with as little delay as possible or

payment thereof may be obtained from the Company's bankers named on the cheque No acknowledgment of this cheque is necessary

I am,

Your obedient servant,

Secretary

To

No 191

To the Banking Co., Ltd

Pay to or Order the sum of £ :  
For the Company, Ltd

Director

Secretary

£

RECEIVED of the Company, Ltd,  
the sum specified on the face hereof, being the amount  
of my deposit against my application for Ordinary  
Shares

Signed

Although the statutes do not specifically mention any provisions for the return of rejected application moneys, the Companies (Consolidation) Act, 1908 (Sec 85, s s 4), requires the directors, if an allotment has not been made within forty days after the issue of the prospectus, to return the whole of the money to the applicants. The sub-section further makes provision that if the money is not returned within forty-eight days, the directors become personally and jointly liable, and, further, they may be called upon to pay interest at 5 per cent reckoned from the expiration of the said forty-eight days. Any individual director may, however, lodge a disclaimer if it can be proved satisfactorily that he was in no way responsible for the negligence or was in no way guilty of misconduct.

**LETTER OF RENUNCIATION.**—This represents an undertaking by an individual who, by the regulations of the Company in which he is a shareholder possesses the right to an allotment of shares in a new issue, such allotment being based upon his present holding. These stipulations are sometimes framed as a part of the Company's articles of association, a clause is included, providing that new issues to the public can only be made on condition that shareholders of the class being dealt with have a prior right to allotment, and that if they wish to renounce that right, it must be done upon specific and regular forms. It is not always incumbent upon the shareholder to name an allottee for the shares he thus renounces, but in most cases where such a practice would be resorted to the shares would in all probability be above par value, and, therefore, in demand, the shareholder being consequently, put to no great pains to find a substitute should he find himself unable to take up the shares. The following is the form usually adopted—

THE . . . COMPANY, LTD

19

To

of . . .

Dear Sir,

Re New Issue of Preference Capital

By a Special Resolution passed at an Extraordinary Meeting of the Company on . . . day of . . . you become entitled as the holder of . . . shares in this Company, to an allotment of the new issue, being in the ratio of 1 share to every five at present held. The said shares will be allotted at a premium of 2s 6d per share to be paid for in full if you agree to accept the same. Unless I hear from you to the contrary, the above-named shares will be allotted to you on the . . . day of . . . 191

Should you, however, desire to renounce your right to this allotment, and wish to nominate another person for such allotment, I shall be glad if you will kindly fill in and sign the Letter of Renunciation attached hereto, and forward it to this office on or before the . . . day of . . . 191

I am,

Yours faithfully,

Secretary

# LETTER OF RENUNCIATION

6d  
impressed  
stamp

To the Directors  
of the . . . Company, Limited

Gentlemen,

Being entitled to an allotment at a premium of 2s 6d per share on . . . Preference Shares of £1 each in your Company, I hereby renounce such right, and request you to allot the said shares to

(Full Name)

(Address)

(Shareholder's Signature) . . .

(Date)

To The Directors,

The . . . Company Limited

Gentlemen,

In accordance with the above letter, I hereby agree to accept the above-named . . . Preference Shares of £1 each at a premium of 2s. 6d per share, and to pay for same in full as and when allotted. I further desire my name to be entered in the Register of Members in respect of these shares

(Shareholder's Signature)

(Address)

(Description or Occupation)

(Date)

From the context of the above form, it will be a simple matter for the recipient of the Company's communication to decide which of the two forms he is to fill in. It is important, however, to note that if the communication is ignored beyond the specified time, the directors have power to allot the shares and the shareholder has no power to void the allotment.

**LETTERS.**—There is no form of communication in commerce which is so important as the letter. It is true that a great many transactions are conducted by word of mouth, by telephone, and by telegram, but in almost every case the letter is used finally to confirm the transaction and to place

it on record. It follows then that letters play a part of no mean importance in commercial life and the art of writing a clear concise and business like letter is an accomplishment which every business man should strive to attain.

Of course all letters are not business letters but it is with this class of correspondence that we desire peculiarly to deal. Letters may be classified as follows—

- 1 Private or Personal Letters
- 2 Official Letters
- 3 Business Letters

There is a freedom of language about the private letter—a light and personal touch which would be quite out of place in the business and the official letter. The two latter must not be in any way personal nor must they contain anything in the nature of redundancy or ornament. Their tenor is more sedate their language of the clearest and most easily intelligible with no obscured meanings and not open to misinterpretation.

Briefly stated the essentials of a good business letter are as follows—

**Legibility and Neatness.** A letter which is not legible is of little use to the recipient and an absence of neatness creates as a rule a bad impression of the writer. First impressions are generally important not only in business but in all walks of life. An untidy letter cheap note paper bad composition and faulty grammar militate against the writer to an inconceivable degree. One who receives such a letter is apt to form an unfavourable opinion of the writer at once and is naturally inclined to judge the quality of his goods by the quality of his correspondence. Probably three fourths of the letters applying for situations find their way into the waste-paper basket for this very reason. Nor is it to be wondered at for the letter of application is the only point of contact between the advertiser and the applicant and the latter must be judged on the evidence of neatness and accuracy displayed in his letter. On the other hand a neat clearly written and well arranged letter is in itself a recommendation both of a person and of his wares.

**Accuracy as to Facts.** When one considers how often a letter is in the nature of a contract or contains matter of a binding nature one sees that strict accuracy as to facts and figures is an important essential. Quotations and price promises of delivery within a specified time guarantees etc. should be carefully checked by a responsible official before the despatch of a letter. Neglect of this duty is dangerous not only to the reputation of a business but often financially. A mistake of an eighth of a penny per yard is a trifle on one side but when thousands of yards are quoted for or ordered the result of the error is a serious matter.

**Form of Instrument.** It is becoming more and more the custom in business to solicit orders by means of circular letters. These are very often duplicated on a machine of recent invention which prints in such a manner that the difference between an individual letter and a duplicate is difficult to detect especially when the name is filled in on the typewriter with a ribbon that hangs exactly the colour of the body of the letter. Thousands of these letters are often sent out at once and it is essential if they are to fulfil their object that they should be forceful, telling and impressive. The art of writing a telling business-getting letter is a valuable acquisition and is worth much study

and practice to attain. A point to guard against is the liability to make the letter too long. The argument should be brief sharp and clear and the use of short sentences will be found to attain this object best. The writer should come to the point of his letter at the earliest moment without wasting time on a lengthy introduction. He should also follow this rule in closing so that practically the whole of the letter may be taken up with his argument or offer.

**Brevity.** This is a desirable quality in a business letter which should not however be brief at the expense of being lucid and complete nor should the brevity amount to curtness. A compact style of writing is best suited to commercial letters each sentence being concise free from ornament and easily intelligible.

**Clearness.** Clearness will be best attained by avoiding long sentences which have a tendency to become involved and lead to a misapprehension of the writer's real meaning. There should be no attempt to display any literary polish in commercial letters. The language chosen should be simple and should be set down in a natural unstilted style. This is the best means of avoiding ambiguity. Different subjects should be kept quite distinct by occupying separate paragraphs.

In writing official and business letters uniformity of setting out the same should be observed for various reasons. The following is the most approved method of setting out a business letter.

(1) Address of Writer. This occupies a position at right hand side of the note paper heading and is followed by—

(2) The Date. The name of the month should be written and not indicated by a number.

(3) The Addressee. The name and address of the person to whom the letter is written should occupy a position at the left hand side of the note-paper commencing about an inch from the edge.

(4) The Salutation now follows and may take the form of Sir or Sirs (used in official letters) Dear Sir or Dear Sirs or Gentlemen as is most appropriate to the letter. This should be placed under the addressee's name at the same distance from the edge of the paper.

(5) The Body of the Letter or the contents proper now follow and is commenced under the last letter of the salutation. This must be divided up into paragraphs where necessary and each paragraph must commence about two inches from the edge of the paper.

(6) The Subscription (Yours truly, Yours faithfully etc.) is commenced about the middle of the line under the body of the letter and should of course be in keeping with the salutation. If the letter is plural so will the subscription be plural.

(7) The Signature unless written by the principal of the business must always be followed by the name or initials of the person signing. When signing for a limited company a signature or initial must in all cases follow—

Wm Jones & Co  
per H. E.  
per JTO THE CARLTON MFG CO. LTD  
Jas Watson  
Secretary

The only point in which the official letter and the private letter differ from the above is in the location of the addressee's name. In the two classes of letter it is placed at the foot of the communication on the left hand side.



Official letters, *e.g.*, from the Post Office, the Inland Revenue, Board of Trade, etc., are written on note-paper of foolscap size ( $13\frac{1}{2}$  in  $\times$   $8\frac{1}{2}$  in). Folded quarto (*i.e.*, octavo) size or smaller is generally used for private correspondence, while the following three sizes are in general use for business purposes. Quarto ( $8\frac{1}{2}$  in  $\times$   $10\frac{1}{2}$  in), 6mo (7 in  $\times$   $8\frac{1}{2}$  in), octavo ( $5\frac{1}{2}$  in  $\times$   $8\frac{1}{2}$  in), the last two sizes being used for short letters and memoranda respectively. Memoranda are written when the matter is not of sufficient importance to warrant a formal letter being sent, the salutation and the subscription being omitted.

**LETTERS OF ADMINISTRATION.**—These are granted by the Probate Division committing to an administrator the goods and effects of a person who either died intestate, or did not appoint executors by his will, or whose executors did not survive the testator, or have refused to act. Administration may be granted for general, special, or limited purposes. An administrator obtains his title from the court, and so cannot, in general, act before he has been granted the letters, and if he does so he acts at his own risk. Administration is generally, but not always, granted to the next-of-kin of the deceased on his taking an oath, so worded as to clear off all persons having a prior right to the grant, showing on the face of it how the prior interests have been cleared off, and also setting forth, when the fact is so, that the party applying is the only next-of-kin, or one of the next-of-kin of the deceased, etc., as the case may be. A husband has the right to be his wife's administrator. A widow is generally preferred to the next-of-kin, but the court exercises its own discretion as to the next-of-kin. The right to be administrator follows the same lines as the right to personal property under the Statutes of Distributions, *e.g.*, children and their lineal descendants come first, if there are no children, then the deceased's parents, next his brothers and sisters, and after them grandparents, and so on. There is a preference for the whole blood over the half. If there are more than one member of the same degree, one or more may be selected, a son being generally preferred to a daughter, and an elder to a younger brother. A sole administrator is preferred by the court to a joint. If none of the relatives will take out administration, a creditor may do so, but he must cite the next-of-kin, and must enter into a bond for a rateable division among the creditors. The administrator must give a bond with one or more sureties to ensure the due collection and administration of the estate. The penalty on the bond is double the amount under which the deceased's estate is sworn. If the condition of the bond is broken, the bond may be assigned by the judge of the division to a third person, who may bring an action on it. It should be noted that where an executor dies after appointing executors of his own will, such executors become executors of the original estate, but where an administrator dies his executor or administrator has no right to carry on the administration of the original estate. Administration may be of a limited nature, either as to time or purpose, *e.g.* administration *durante minore ætate*, where the executor appointed is a minor, *durante absentia*, where the executor is out of England at the time of the death, *cum testamento annexo*, where the executors have died before the testator, or have renounced office, *pendente lite*, pending any suit as to the validity of a will or the right to administration, in order that there may

be somebody to take care of the testator's estate or *de bonis non*, where the first administrator dies before he has fully administered the estate. An ancillary administration is granted for collecting the assets of foreigners (See ADMINISTRATION, ADMINISTRATORS, EXECUTORS, INTESTACY).

**LETTERS OF NATURALISATION.**—(See NATURALISATION.)

**LETTERS PATENT.**—Constitutional law provides various methods by means of which the wishes or commands of the Crown in executive matters are made known to the nation at large or to the individuals more particularly concerned. One of the chief of these methods is by letters patent under the Great Seal of the United Kingdom. This is so-called because the document is of an open or public nature, as distinguished from the more private directions conveyed to a particular person for a specific purpose in Letters Close, which are closed up and sealed on the outside. Letters patent are used for conferring titles or honours, privileges and rights in connection with property, *e.g.*, patent rights (*qv*), and for appointments to important public offices, and so forth.

**LETTER WOOD.**—The beautiful, mottled wood obtained from the *Brosimum Aubletii*, a tree found in British Guiana and Trinidad. It is used for veneering, for inlaying work, and for making cabinets. It is rather rare and therefore valuable. It is sometimes known as leopard wood.

**LETTUCE.**—An Eastern plant introduced into England in the earlier half of the sixteenth century. The leaves form a popular salad. The two chief varieties are the cos lettuce with upright, oblong, leaves, and the small, round cabbage lettuce, so-called from its cabbage-like growth.

**LEVA.**—(See FOREIGN MONIES—BULGARIA.)

**LEX MERCATORIA.**—(See COMMERCIAL LAW.)

**LEY, LEI.**—(See FOREIGN MONIES—ROUMANIA.)

**LIABILITIES.**—It is convenient to divide the various classes of liabilities into three or four distinct headings, the most important are capital liabilities in two or more forms in the case of companies. The first form will be a liability under the heading of Paid-up Share Capital, the second will be liabilities either in the form of undistributed profits in the name of reserve accounts, then liabilities to shareholders, under the profit and loss account itself, respecting profits available for distribution. In the case of a single proprietor, the most important item on the list of liabilities will be the capital account of the proprietor himself, in which will, of course, be embodied the result of trading in the business from time to time. The capital liabilities of partners will be treated similarly, except that separate capital accounts will be shown for each partner.

The second class of liabilities will be mainly found in accounts of companies as debts due to debenture holders, mortgages, or for loans. The third class will be liabilities due to sundry trade creditors, but special mention must be made of debts due for which bills payable have been given. A fourth class of liability may be mentioned, but these mainly concern banking or insurance companies, where special treatment is necessary with regard to showing accounts with depositors in bulk, in the first instance, and claims admitted but unpaid in the case of insurance businesses. It will, therefore, be convenient to deal with the various classes of liabilities under these several headings.

**Capital Liabilities, Companies.** It is necessary

[FACSIMILE OF DOCUMENT GIVEN FOR THE ADMINISTRATION OF THE ESTATE OF A DECEASED PERSON]

KNOW ALL MEN by these presents that as *Arne Barker* of *Clough Hall* *Weston* in the County of *Shropshire* widow *Charles Dixon* of *Hill House* *Weston* in the County of *Shropshire* aforesaid *banter* and *Ernest Four's* of *35 Market Square Templeton* in the County of *Wiltshire* *traveler* are jointly and severally bound unto *the Right Honourable Sir Samuel Thomas Evans Knight the President of the Probate Divorce and Admiralty Division of His Majesty's High Court of Justice* in the sum of £5000 of good and lawful money of Great Britain to be paid to the said *Sir Samuel Thomas Evans* or to the President of the said Division for the time being for which payment well and truly to be made we bind ourselves and each of us for the whole our heirs executors and administrators jointly by these presents

Sealed with our seals

Dated the 15th day of *June* 1912

THE CONDITION of the obligation is such that if the above-named *Arne Barker* the lawful widow and relict of *Benjamin Barker* of *Clough Hall Weston* deceased who died on the 1st day of *March* 1912 and the intended administratrix of all the estate which by law devolves to and vests in the personal representative of the said deceased do when lawfully called on in that behalf make or cause to be made a true and perfect inventory of the said estate which has or shall come into her hand possession or knowledge into the hand and possession of any other person for her and the same so made do exhibit or cause to be exhibited into the district probate registry of His Majesty's High Court of Justice at *London* in the County of *Middlesex* whenever required by law so to do

AND the said estate do well and truly administer according to law

AND further do make or cause to be made a full and true account of the said administration whenever required by law so to do



AND if it shall hereafter appear that any last will and testament was made by the said deceased

AND the executor or executors or other persons therein named do exhibit the same to the said division of the said court making request to have it allowed and approved according to the said intended administratrix being thereunto required do render and deliver the letter of administration (approbation of such testament being first had and made) unto the said court then the obligation to be void and of none effect or else to remain in full force and virtue.

(Signed) - ANNE BARKER

L.S.

(Signed) CHARLES DIXON

L.S.

(Signed) ERNEST FOSTER

L.S.

SIGNED sealed and delivered by the within-  
named Anne Barker Charles Dixon and Ernest  
Foster in the presence of

CLORGE HIRST A commissioner for oaths

into falls, and is thickly wooded, the forests containing many trees of economic value. Rubber is collected for export by the Liberian Rubber Corporation, but otherwise these forests are unworked. Gold, copper, zinc and other metals, lignite and diamonds are known to exist, but are untouched. Ox waggons are used on the rough tracks of the country, there being only twenty miles of good roads.

The principal exports are rubber, palm oil and kernels, piassava fibre, and coffee. The principal imports are cottons, iron work and wood-ware from Britain, clothing and hardware from Germany, and gin from Holland.

**Monrovia** (8 000), the capital and chief port, is visited by seven lines of steamers. The next largest port is **Grand Bassa**.

Mails are despatched every Friday via Liverpool, and on various days, though irregularly, via Southampton. The time of transit to Monrovia, which is 3,650 miles from London, is fourteen days. Telegrams are sent by post from Sierra Leone.

For map, see AFRICA (p. 44).

**LIBRA**—(See FOREIGN WEIGHTS AND MEASURES—SPAIN.)

**LICENCE**.—This is an authority granted by one person to another to do something without which the doing thereof would be the infringement of some right. Thus if A permits B to walk over his (A's) land B has a licence to trespass, and is, consequently, not committing any tort. This authority or permission gives B no right of property in the land, and does not create an easement (*qv*). If the authority or permission is given voluntarily, it can be revoked at any time, but if it is given for a valuable consideration (*qv*) there is an authority coupled with an interest, and any breach of the terms of the authority (e.g., by revocation contrary to the conditions thereof) would give the licensee a right of action for damages. If the licensee has merely a bare permission to enter in or upon the property of the licensor, the latter is not responsible to the former for any damage he may sustain through any defect on the property. If, on the other hand, the licensor invites the licensee to go in or upon the property, the former will be held liable for injuries sustained through such defect.

**LICENCE TO ASSIGN**.—(See LANDLORD AND TENANT.)

**LICENCES**.—These are certain charges, formerly included under Excise (*qv*), which are now administered by the various county councils. The licences, except licences to drive motor cars and cycles, are obtainable at any postal money order office. Motor cars and cycles must be registered with, and licences to drive them must be obtained from the clerks of the respective county councils. Unless otherwise stated, licences must be obtained before the 31st January of each year, or within twenty-one days after the licence becomes liable to pay duty. The licence is personal to the applicant and cannot be transferred except by operation of law, i.e., if car or cycle passes to the widow, executor, administrator or other representative of a deceased licensee. Sometimes a declaration is required, the form of which is obtainable at any postal money order office. All licence requirements must be complied with under penalty to a penalty of £20.

The following are the local taxation licences, arranged in alphabetical order—

(1) **Armorial Bearings**. These are deemed an

meaning and including "any armorial bearing, crest, or ensign, by whatever name the same shall be called, and whether the armorial bearing, crest, or ensign is registered in the College of Arms or not." A very slight user will render a person liable to pay this licence, whether the armorial bearings are upon letter paper, a ring, a carriage, or any domestic article. It should be borne in mind that there is now increased activity on the part of local authorities, and that it is unsafe to use anything which shows a shield unless the licence is paid. The cost of the licence is one guinea, but this is increased to two guineas if the armorial bearings are borne upon a carriage or a motor car. If the carriage or the motor car is hired, unless the hiring is merely temporary, the liability to pay the licence falls upon the hirer.

(2) **Carriages**. A carriage is "a vehicle (not being a hackney carriage) drawn by a horse or mule, or drawn or propelled upon a road or tramway, or elsewhere than upon a railway by steam or electricity, or other mechanical power." (This definition includes motors, but the licences charged in respect of them are different from those imposed upon carriages and are noticed later.) A hackney carriage is "a vehicle standing and plying for hire, and includes any carriage let for hire by any person whose business it is to sell or to let carriages for hire." The owner is primarily liable for the payment of the duty, but if the carriage is let out for more than a year the hirer is responsible. All details connected with the vehicle must be given when applying for the licence, and any changes which might increase the duty must be duly notified. The following is the rate of duty payable—

	£	s	d
(1) Carriages with four or more wheels—			
(a) Drawn or adapted or fitted to be drawn by two or more horses or mules	2	2	0
(b) Drawn or adapted or fitted to be drawn by one horse or mule ..	1	1	0
The duty is £1 1s and 10s 6d respectively if the carriage is not used before the 1st October in any year.			
(2) Carriages with less than four wheels	0	15	0
This duty is similarly reduced to 7s 6d if the carriage is not used before the 1st October in any year.			
(3) All hackney carriages ..	0	15	0

Any carriage constructed and used solely for the conveyance of goods, and having the name and address of the owner painted upon it in letters not less than an inch in length is exempt from payment of duty. But very slight evidence is required as to its use for other purposes to take away this privilege of exemption. If a carriage is kept and used jointly by more persons than one, not being partners in business, each of them is liable to be assessed for the full duty. No licence is required to be taken out in respect of carriages which are not actually in use during the year. The licence expires on the 31st December of each year.

(3) **Dogs**. The duty is 7s 6d a year in Great Britain and 2s 6d in Ireland. The penalty for not having a licence is £5, and the same penalty is imposed if the licensee refuses to produce his licence on demand by a constable or an excise officer without good reason for so refusing. The licence is personal, and no matter how many times the dog changes his owner during a year each owner must

take out a fresh licence for himself. No allowance is made in case the dog is kept less than a year, i.e. the full 7s 6d is payable, no matter how short the period of ownership may be. But if a licence is taken out by an owner for a dog it does not apply to any particular dog and the licence will be good for any animal during the year it is in force. But of course there must be one licence for each dog so long as there are more than one kept at the same time. The date of the renewal of the licence is the 1st January of each year. In the following cases no duty is payable for: (1) Dogs under 18 months old. (2) BOUND puppies under twelve months old not entered in or used with a pack of hounds. (3) A single dog kept and used solely for the guidance of a blind person. (4) Dogs kept and used solely for the purpose of tending sheep or cattle. In order to claim this last exemption a declaration must be signed upon a form supplied by the Inland Revenue authorities or since 1906 a certificate must be obtained from the petty sessions court. The number of dogs allowed to be kept free of duty for tending sheep and cattle varies according to the number of sheep or cattle. Two are allowed for 400 sheep, three when the number of sheep is between 400 and 1,000, four for sheep over 1,000 with an additional dog for every 500 sheep over the first thousand, the extreme limit of free dogs however being eight.

(4) **Game.** Killing game by shooting without a licence renders a person liable to a fine of £20 and there are various other smaller penalties for taking or killing game or assisting in taking or killing by any other means. Game is defined by statute as including hares, pheasants, partridges, grouse, heath or moor game, black game, bustards, deer, woodcock, snipe, quail, landrail and rabbits. There are however various exceptions and in the following cases no game licence is necessary: (1) Taking woodcock and snipe with net and spring. (2) Taking or destroying rabbits by the owner of any warren or enclosed land. (3) Taking or killing rabbits or hares under the Ground Game Act 1880. (4) Pursuing or killing hares by coursing with grey hounds or hunting with beagles or other hounds. (5) Pursuing and killing deer by hunting with hounds and (6) taking and killing deer in any enclosed land by the owner or occupier or by his direction or permission. Beaters and assistants are not required to take out a licence nor are persons who are authorised to kill hares by statute acting under and by direction of the tenant of the land. The exceptions however do not extend beyond the licence to kill or to take game, i.e. even when a game licence is not necessary a gun licence must be taken out if a gun is used. The duty payable is as follows—

	£	s	d
(a) Where the licence is taken out between the 31st July and the 31st October—			
To expire on the 31st July following	3	0	0
To expire on 31st October following	2	0	0
(b) Where the licence is taken out on or after the 1st November to expire on the 31st July following	2	0	0
(c) Where taken out at any time for a continuous period of 14 days	1	0	0

The licence must be produced on demand or full particulars given by the person from whom it is demanded of his full name and address.

(5) **Game Dealer.** The licence for a game dealer must be taken out on the 1st July of each year. The amount of the duty is £2. It is immaterial whether the game dealt in was killed in this country or abroad. The licensee must affix to his premises a notice to the effect that he is licensed to deal in game. The penalty for dealing without a licence is £70 and the importance of seeing that the proper notice is affixed is shown by the fact that any person who purchases game from an unlicensed dealer is liable to a fine of £1 per head for all game bought.

(6) **Gamekeeper.** This licence expires on the 31st July of each year. In Great Britain if the gamekeeper is also employed as a manservant and duty has been paid in respect of him (*intra*) the cost of the annual licence is £2. If the man is employed solely as a gamekeeper he must have a game licence. In Ireland the duty payable is always the same as for a game licence. The licence is personal to the gamekeeper but if he changes his employer during the year the fact should be indorsed upon the licence.

(7) **Guns.** No gun may be used or carried elsewhere than in a dwelling house or within the curtilage thereof unless the owner thereof has procured a licence. The duty is 10s and expires on the 31st July of each year. The licence is strictly personal and cannot be transferred to a son or a servant. A gun signifies not only a firearm of any description but also an air gun or any similar kind of weapon from which any missile can be discharged. No licence is required by (a) any person in the military, naval or volunteer service nor by the constabulary or the police when a gun is carried by any of them in the performance of his duty or when he is engaged in target practice. (b) any person having a game licence. (c) any person who carries a gun which is the property of any person who holds a game licence. (d) the occupier of any land using the weapon for the purpose only of scaring birds or of killing vermin on such land or on any other land by order of the occupier thereof. (e) such occupier possesses a game certificate and (f) persons such as gunsmiths, carriers, etc. who are using or carrying guns in the exercise of their calling. The penalty for using or carrying a gun without a licence and also for refusing to produce the licence or give full particulars of the same when required to do so by a constable or an excise officer is £10.

The statutory provisions as to the sale of guns are noticed in a separate article. (See **GUNS SALE** or).

(8) **Male Servants.** The duty payable is 15s per year for each male servant. By recent decisions the definition of a male servant has been made to cover a larger class of servants than was at one time considered to fall within it. A licence is necessary for a butler, valet, page, footman, coachman, groom, chauffeur, gardener, etc. and also for a workman or labourer who is sometimes engaged in services of a personal character, e.g. one who occasionally drives a carriage used for pleasure. But a hotel proprietor or a restaurant keeper is exempt from taxation in respect of the servant that he employs in his establishment for the purposes of his business. It is necessary for a declaration to be made as to male servants to the Inland Revenue authorities at the beginning of each year. The penalty for neglecting to make a declaration or for employing a male servant without a licence

or for engaging more than the number authorised by the licence, is £20 This duty only applies to Great Britain

(9) **Motors and Motor Cycles.** The scale of licences now in force was fixed by the Finance Act, 1909-10, as follows—

	£	s	d
<i>Motor Bicycles and Motor Tricycles,</i> of whatever horse power	1	0	0
<i>Motor Cars—</i>			
Not exceeding 6½ h p	2	2	0
Exceeding 6½ h p, but not excdg 12 h p	3	3	0
" 12 " " " 16 " "	4	4	0
" 16 " " " 26 " "	6	6	0
" 26 " " " 33 " "	8	8	0
" 33 " " " 40 " "	10	10	0
" 40 " " " 60 " "	21	0	0
" 60 " " "	42	0	0

The licence must be taken out on the 1st January of each year. If the licence is not taken out in any year before the 1st October, a reduction is made in the case of each motor car of one guinea in each instance. In every case the licence terminates on the 31st December. No licence is required for a motor which is not in use.

Medical men are only charged one-half the above duties if they use their motor cars in connection with their professional duties. (See also their exemption in the case of motor spirit under **Excise**.)

The charge for the registration of a motor car is £1, for a motor cycle, 5s, and for a driver's licence (whether owner or servant), 5s. This last-named is an annual payment.

A chauffeur is a male servant, and the duty of 15s must be paid in respect of him, and a licence taken out for him.

In respect of hackney motors, the annual duty payable depends upon the weight—

	£	s	d
Exceeding 2 tons, but not excdg 5 tons	3	18	0
Not " 1 ton, " " 2 " "	2	17	0
" " " or exceeding 5 " "	0	15	0

These charges include Light Locomotive Duty.

In calculating the weight of the vehicle, which means weight unladen, the weight of the water, fuel, or accumulator is not included.

**LICENSING LAWS.**—The Licensing (Consolidation) Act, 1910, has repealed the whole of nine licensing Acts, and parts of four others, and has codified the law. It puts into one Act the result of all the legislation from the Alehouse Act of 1828 (itself a consolidating Act) to the Licensing Act of 1906. It deals only with the law relating to justices' licences for the sale by retail of intoxicating liquor and to the registration of clubs, and does not deal with the numerous other matters in respect of which licences are necessary, e.g., hackney carriages, motor cars, theatres, music and dancing, pawn-brokers, game dealers, etc., for each of which see the preceding article. The registration of clubs is also dealt with under a separate heading.

No person may sell intoxicating liquor by retail without an excise licence, and such excise licence, if granted, becomes void unless the person to whom it is granted holds a justices' licence authorising the grant of the excise licence to that person. The justices' licence authorises the holder to apply for and hold the excise licence, it does not order it to be granted to him. There are three kinds of excise licences: (1) Manufacturers' licences, (2) wholesale dealers' licences, and (3) retail licences. A justices' licence is not required for a manufacturers' licence

or a wholesale dealers' licence, but it is required for a retail licence, except in the cases provided for by Section 3 of the Act of 1910 (privileges enjoyed by any university, the borough of St Albans, the Vintners' Company, and special regulations as to theatres). Thus a spirit dealer or wine dealer does not require a justices' licence in order to sell spirits or wine by retail (for consumption off the premises) in premises which, being exclusively used for the sale of intoxicating liquors, or of intoxicating liquors and mineral waters, or other non-intoxicating drinks, have no internal communications with the premises of any person who is carrying on any other trade or business.

Justices' licences are not required for the sale of intoxicating liquor by proprietors of theatres, in pursuance of the Theatre Acts, for the sale of spirits by a person holding a canteen under the authority of a Secretary of State or of the Admiralty, for the sale of intoxicating liquor in passenger vessels, or on a railway restaurant car, and for the sale of medicated or methylated spirits, or spirits made up in medicine, and sold by medical practitioners or chemists and druggists.

Subject to a few exceptions, most of which have been mentioned above, a justices' licence is required for every retail excise licence. Every new justices' licence, i.e., every justices' licence that is not granted by way of renewal or transfer, requires to be confirmed. This is done by the Confirming Authority. Sometimes when there are too many licensed houses in a district, so that it becomes desirable to close up one or more of them, the justices have power where the circumstances require it, to refuse to renew a licence or licences, and in lieu thereof to grant compensation to the owner of, and to the other persons interested in, the licence about to be extinguished. The justices when sitting for this kind of work are called the Compensation Authority.

For a petty sessional division of a county, the licensing justices are the justices acting in and for the petty sessional division; the confirming authority and also the compensation authority are quarter sessions.

For a borough the licensing justices are—

(1) in a county borough, the borough licensing committee;

(2) in a non-county borough, having ten or more justices, the borough licensing committee for granting new justices' licences and the ordinary removal of justices' licences, and, for other purposes, the borough justices, where there are less than ten justices, the licensing justices are for all purposes the borough justices.

The confirming authority are the whole body of borough justices, or where there are less than ten, a joint committee consisting of three justices of the county in which the borough is situated, and three justices of the borough. The compensation authority are in a county borough the borough justices, in a non-county borough, the quarter sessions for the county.

The city of London is regarded as a county borough.

The licensing committee consists of not less than seven justices in a county borough, and of not less than three nor more than seven in any other borough, and the committee must be appointed during the last fortnight in every year.

The compensation authority and the confirming authority may delegate any of their duties and

powers to a committee appointed by them respectively.

Any power to be exercised or any duty to be performed by licensing justices may be exercised or performed by a majority of the justices present at a meeting assembled for the purpose and no objection can be made to the grant or confirmation of any licence on the ground that the justices or committee of justices were not qualified to make the grant or confirmation.

**Justices' Licences.** The licensing justices for every licensing district must within the first fourteen days of February in every year hold a special session (to be called the general annual licensing meeting) the date of which must be fixed by the justices at a meeting held by them at least twenty-one days before the annual meeting may be adjourned from time to time for a period not exceeding one month but the first adjourned meeting may not be held until after an interval of at least five days.

Power is given to the justices if they are satisfied that the applicant for the grant or removal of a justices licence is hindered by sickness or infirmity or other good reason from attending personally to grant such licence or authorise its removal notwithstanding the absence of the applicant.

Every new justices licence (*see* every justices licence that is not granted by way of renewal or transfer) in order to be valid must be confirmed by the confirming authority. On the grant of a new justices on licence the justices may attach such conditions both as to the payments to be made and the tenure of the licence and as to any other matters as they think proper in the interests of the public. The licensing justices may if they think fit instead of granting a new justices on licence as an annual licence grant the licence for a term not exceeding even years such a licence does not require renewal during the term granted but at the expiration of the term an application for a re-grant must be treated as an application not for a renewal of a justices licence, but as an application for a new licence. An on licence granted for a term may be forfeited by order of a court of summary jurisdiction if any condition attached to the licence is not complied with or if the holder is convicted of any offence as a licensed person. On the confirmation of a new justices on licence the confirming authority may with the consent of the justices authorised to grant the licence vary any conditions attached to the licence.

The applicant for a new licence must advertise notice of his application in some local paper on such day or days as the licensing justices shall fix. He must also within twenty-eight days before making his application cause the notice of his application to be fixed and maintained between 10 a.m. and 5 p.m. on two consecutive Sundays on the door of the premises proposed to be licensed, and also on the door of the church or chapel or other public place of the district in which the premises are situate and must give twenty-one days notice in writing to the overseers of the parish the superintendent of police and the clerk of the licensing justices of his intention to apply. If the application is for a new on licence a plan of the proposed premises must be deposited with the clerk of the licensing justices not less than twenty-one days before the application is made.

**Renewal of Licences.** Renewal of a justices licence is a grant of a justices licence at a general annual licensing meeting by way of renewal of a

similar licence in force at the time of the application in respect of the same premises but if the licence though not in force at the time of the application was in force at the previous general annual licensing meeting and if the justices are satisfied that the applicant had reasonable grounds for not making his application at that previous meeting the grant of the application by the justices will be treated as a renewal of the licence.

The licence holder need not attend personally to apply for a renewal unless for some special cause personal to himself he is required to attend by the licensing committee.

No objection to a renewal is entertained unless seven days before the commencement of the meeting notice of opposition and the grounds thereof has been served on the licence holder but the licensing justices may adjourn the consideration of the renewal of a licence to a future day and require the attendance of the licence holder on that day and hear the case and consider the objection as if notice to oppose had been given. All evidence on an application for renewal of licence must be on oath.

The renewal of an old off licence *see* an off licence for the sale of wine spirits liqueurs sweets, or cider which was in force on June 25th 1902 or a renewal thereof may not be refused except on some one or more of six specified grounds *viz.*—

(1) That the applicant has failed to produce satisfactory evidence of good character.

(2) That the proposed licensed premises or any adjacent house or shop owned or occupied by the applicant is of a disorderly character or frequented by thieves and prostitutes.

(3) That the applicant through misconduct has previously forfeited a licence or been disqualified from receiving a licence.

(4) That the applicant or the house in respect of which he applies is not duly qualified as a law is required.

(5) That the applicant has sold surreptitiously under the licence or has assisted in misrepresenting the nature of the goods sold under the licence.

(6) That the applicant has been guilty of misconduct in the management of his business under the licence.

The power to refuse the renewal of any old on licence is speaking generally restricted so far as the licensing justices are concerned to the first four of the above-mentioned grounds. In the case of an old on licence other than an old beer house licence there are the further grounds (1) that the licensed premises have been ill-conducted or are structurally deficient or unsuitable or (2) that the proposed holder of the licence is not a fit and proper person to hold a licence.

An old on licence is a justices on licence which was in force on August 15th 1904 including a licence granted by way of renewal of a licence so in force and also a licence which though not in force at that date had been before that date provisionally granted and confirmed under Section 22 of the Licensing Act, 1874 in cases where the provisional grant and order for confirmation was subsequently declared illegal. Whenever the renewal of an old on licence is refused the licensing justices must specify in writing to the applicant the grounds of their refusal. But although the licensing justices cannot refuse to renew a licence except for the specified grounds the compensation authority are not so restricted they however cannot act until after the matter is referred to them by the licensing



justices and compensation paid in accordance with the Act. The licensing justices must make a report and refer the matter to the compensation authority. The latter must consider all reports made to them, and may, if they think it expedient, and after having given all interested parties an opportunity of being heard, refuse to renew a licence provided compensation is paid under the Act.

**Compensation Payable on Non-Renewal of Old On-Licences.** The amount payable as compensation in respect of the non-renewal of an old on-licence is the difference between the value of the premises as licensed premises (subject to the conditions of renewal prevailing before the Licensing Act, 1904) and their value as non-licensed premises. Where the amount to be paid is agreed upon by the parties interested and approved by the compensation authority, the amount is to be divided among the parties interested in such shares as may be determined by the compensation authority. Where the parties cannot agree, the amount is to be determined by the Commissioners of Inland Revenue, whose award is subject to an appeal to the High Court. The holder of a licence, if he is the tenant of the premises, is not to receive a less amount of compensation than he would be entitled to as a tenant from year to year of the licensed premises.

The parties interested are (1) the person entitled to receive the rack-rent of the premises either on his own account or as mortgagee or other encumbrancer in possession, (2) any person possessing an estate or interest in the premises, whether as owner, lessee, or mortgagee, prior to that of the immediate occupier, and (3) the licensee.

The money necessary for payment of the compensation for the extinction of old on-licences is to be taken from a fund called the Compensation Fund. This fund is provided by imposing certain charges on the renewal of all old on-licences of premises within the area of the compensation authority at rates not exceeding and graduated in the same proportion as the rates shown in the scale of maximum charges in the Act of 1910

(*e.g.*, where annual value of premises is less than £15, maximum charge, £1, where annual value of premises is between £15 and £20, maximum charge, £2, where annual value of premises is between £20 and £25, maximum charge, £3, where annual value of premises is between £50 and £100, maximum charge, £15, where annual value of premises is between £100 and £200, maximum charge, £20, where annual value of premises is £900 and over, maximum charge, £100)

In case the statutory contributions to the compensation fund are not sufficient for paying the amounts of compensation payable under the Act, the compensation authority has power, with the consent of the Secretary of State, to borrow money on the security of the Compensation Fund for the purpose of making the necessary payments. After the amount of the compensation money and the shares into which it is to be divided have been settled, the compensation authority must send notice to the persons entitled to compensation of the day on which the compensation will be paid, and on that day, they must send to each person entitled an order on the compensation fund for the amount due. Notice of the day fixed for payment is also given to the renewal authority and also to the superintendent or other chief officer of police of the district, and the licence ceases to have effect

as from the expiration of the seventh day after the date fixed for payment.

In case the holder of the licence dies or becomes unable to carry on business through illness, or becomes bankrupt, or gives up the occupation of the licensed premises, or wilfully omits or neglects to apply for a renewal of the licence, application may be made by the representatives of the holder of the licence or by the new tenant of the premises, or by the trustee of the bankrupt, as the case may be, for the transfer of the licence.

The licensing justices must appoint not less than four nor more than eight special sessions (called transfer sessions) in every year, and transfers and removals of justices' licences cannot be authorised except at these transfer sessions and the general annual licensing meeting.

By the transfer of a justices' licence is understood the grant in respect of the same premises of a justices' licence to one person in substitution for another person, by the removal of a justices' licence is understood the removal of the licence from the premises in respect of which it was granted to other premises.

Where a person is aggrieved by the refusal of the licensing justices to grant a renewal, transfer, or special removal of a justices' licence, an appeal against such refusal can be made to the quarter sessions of the county, at the next court after such refusal, or, if the next court is held within nineteen days, at the next court but one. Where an appeal is dismissed or abandoned, the appellant has to pay the costs of the justices against whose decision he has appealed.

Certain persons are disqualified from holding a justices' licence, *e.g.*, a person convicted of felony, or a person holding a justices' licence who has been convicted of permitting his premises to be used as a brothel. The disqualification in these two cases continues during the lifetime of the person convicted, but in some other cases the disqualification is only temporary.

Sometimes premises are disqualified for a justices' licence, *e.g.*, if the licences of two persons with respect to the premises are forfeited within any period of two years, the premises are disqualified for one year from the date of the last forfeiture.

Premises are also disqualified unless they are structurally adapted for the class of licence required, and are of a certain annual value as set out in the Act. A minimum of £15 annual value for towns above 10,000 population, £11 for towns of over 2,500 population, and £8 in other cases, but railway refreshment rooms are excepted from the requirements as to annual value.

In the case of off-licences for beer or cider, a different scale for the annual value of the licensed premises is prescribed. No justice who is, or is in partnership with, or holds any share in any company which is, a common brewer or distiller, or retailer of malt or any intoxicating liquor in the district or adjoining districts, can sit as a licensing justice. A similar disqualification arises if the justice is beneficially interested in the profits of any premises the licence of which is to be considered, or is the owner, lessee, or occupier thereof, or is the manager or agent of such owner, lessee, or occupier. Although the justice may be in fact disqualified, no act done by him is on that ground void, but the offending justice is liable in respect of each offence to a fine not exceeding £100.

A justices' licence is in force from the 5th day of

April after the granting thereof for one year next ensuing or until the expiration of the term for which the licence is granted but a transfer or special removal of an annual licence lasts only until the 5th day of April following the day on which it is granted.

A justices licence is drawn up in a form prescribed by the Secretary of State a renewal of such licence is made either by indorsement on the licence or by the issue of a copy of the old licence Where the licensing justices or a court of summary jurisdiction are satisfied that a licence has been lost mislaid or on an application for a protection order wilfully and without legal right withheld by the holder thereof the justices or the court may receive a certified copy of the licence issued by the clerk of the licensing justices by whom the licence was granted and any indorsement required to be made on such licence may be made on the copy and when so made shall have the same effect as if made on the original licence.

**Register of Licences.** In every licensing district the clerk of the licensing justices must keep a register to be called the register of licences containing the particulars of all justices licences granted in the district the premises in respect of which they were granted the names of the owners of those premises and the names of the holders for the time being of the licences He must enter in the register notice of any conviction of the holder of a justices licence including any conviction for adulteration of drink and he must also enter all forfeitures of justices licences and disqualification of premises The register must also contain the name of the owner of the licensed premises (that is to say the person entitled to receive the rack rent) and also the name of any person possessing an estate or interest in the premises as owner lessee or mortgagee, prior or paramount to that of the immediate occupier.

**Closing Hours.** No premises in which intoxicating liquors are sold by retail may remain open during certain hours these hours vary according as the premises are (a) within the metropolis (b) beyond the metropolis but in the metropolitan police district and in a town or populous place (c) not in a town or populous place.

(a) *Premises within the metropolis must be closed—*  
On Saturday night from midnight until 1 o'clock in the afternoon of the following Sunday and on Sunday afternoon from 3 o'clock until 6 o'clock, and on Sunday night from 11 o'clock until 5 o'clock on the following morning and on all other days from half an hour after midnight until 5 o'clock on the same morning.

(b) *Premises beyond the metropolis but in the metropolitan police district and premises in a town or populous place must be closed—*

On Saturday night from 11 o'clock until half an hour after noon on the following Sunday and on Sunday afternoon from half past 2 o'clock until 6 o'clock and on Sunday night from 10 o'clock until 6 o'clock on the following morning and on the nights of all other days from 11 o'clock until 6 o'clock on the following morning.

(c) *Premises not in the metropolis or metropolitan police district or in a town or populous place must be closed—*

During the same hours as Class (b) except that they must be closed on Saturday night from 10 o'clock until half an hour after noon on the following Sunday.

In Wales all public houses are closed throughout Sunday and in the week they open at 6 o'clock in the morning and close at 11 in towns or populous places and at 10 in all other places.

Christmas Day and Good Friday are regarded as Sundays so far as closing hours are concerned and the day preceding each of these if not a Sunday is regarded as a Saturday.

The ordinary hours of closing may be varied by order of a local authority when they are satisfied that it is necessary or desirable to vary them for the accommodation of any considerable number of persons attending any public market or following a particular trade The local authority may upon application duly made also grant exemptions from closing hours on special occasions Besides ordinary licences there are what are known as six-day licences and early closing licences that is to say licences granted subject to the condition that the licensed premises shall not be open on Sunday in the case of a six-day licence or shall be closed one hour earlier than usual each night in the case of the early closing licences.

Though publicans are compelled to keep their premises closed during certain hours and are entitled to keep them open during certain hours they are not as a rule compellable to keep them open at any time With few exceptions they are in the same position as any other trader they are not compellable to do business with any particular person and they can shut their shop or premises whenever they wish As a rule they are only too anxious to keep open and do business during every moment of the time they are allowed to keep open by law but it must be remembered that they are not in the same position as innkeepers (*q.v.*) who by common law are bound if they have accommodation to receive and procure food for the traveller The obligation of an innkeeper extends only to supplying food and meat and lodging to the traveller if he has accommodation but it does not extend to supplying him with intoxicating drink and the publican who is not an innkeeper is at liberty to close his licensed premises whenever he wishes during the time he is allowed by law to keep open By closing his premises frequently he may in some way run the risk of losing his licence altogether as the inference to be drawn from the frequent closing would naturally be that the licensed premises were not required and that there was sufficient accommodation for the public in other establishments which were kept open during legal hours.

**Penalty for doing business during Closing Hours.**

A person who sells or exposes for sale any intoxicating liquor on licensed premises during closing hours or opens or keeps open those premises for the sale of intoxicating liquors or allows any intoxicating liquors although purchased before the hours of closing to be consumed on those premises during closing hours is liable in respect of a first offence to a fine not exceeding £10 and in respect of each subsequent offence to a fine not exceeding £20 But the licensee is not liable to a penalty if the persons supplied with intoxicating liquor after closing hours are his private friends bona fide entertained by him at his own expense or if they are lodgers in his house.

The holder of a seven-day licence is at liberty to serve a bona fide traveller with intoxicating liquor during closing hours on Sunday No person is regarded as a bona fide traveller unless the place where he lodged during the preceding night is at

least 3 miles from the place where he demands to be supplied with liquor. Although the person supplied was not, in fact, a *bond fide* traveller, the licensee is not liable to be convicted if the court is satisfied that he (1) truly believed that, and (2) took all reasonable precautions to ascertain whether or not, the purchaser was a *bond fide* traveller. Any person who buys, or obtains or attempts to buy or obtain at any licensed premises intoxicating liquors during closing hours by falsely representing himself to be a traveller or a lodger, is liable in respect of each offence to a fine not exceeding £5. Any person found on licensed premises during closing hours is liable in respect of each offence to a fine not exceeding 40s, unless he can satisfy the court that he was an inmate, servant, or lodger on the premises, or a *bond fide* traveller.

The penalties for selling intoxicating liquor without a justices' licence, or in breach of the conditions on which the licence was granted, are very severe. For a first offence the penalty is a fine not exceeding £50 or imprisonment with or without hard labour for not more than one month, for a second offence, a fine not exceeding £100 or imprisonment with or without hard labour for not more than three months, and for every subsequent offence a fine not exceeding £100 or imprisonment with or without hard labour for a term not exceeding six months. On conviction for a second or subsequent offence, the holder of a licence forfeits his licence, and, in addition, he is liable on a second offence to be disqualified for five years from holding a licence, and for a subsequent offence he is liable to be disqualified for any term of years or for life. The court has also power, by way of additional punishment, to forfeit the liquor found on the premises of a convicted person.

A licensed person is liable to a penalty of £10 in the case of a first offence and £20 in the case of a subsequent offence for allowing drinking in contravention of his licence. The holder of a justices' on-licence is liable to a penalty of 20s for a first offence and 40s for a subsequent offence if he sells to any person apparently under the age of sixteen spirits to be consumed on the premises.

It had long been the custom of working men to send one of their young children to fetch their beer or other intoxicating liquor from the public-house for consumption at home, with the result that the young child often took the opportunity of helping himself to the strong drinks. The effects of this practice, in many instances, were very harmful to the child, both physically and mentally, and to prevent these evil results Parliament has enacted that no holder of a justices' licence may sell or deliver to anyone under the age of fourteen years any description of intoxicating liquor for consumption by any person on or off the premises, unless such intoxicating liquor is sold or delivered in corked and sealed vessels in quantities of not less than one reputed pint for consumption off the premises only. The penalty for contravening this regulation is a fine of 40s for the first offence, and £5 for a subsequent offence. All intoxicating liquors sold by retail and not in a cask or bottle must, if sold in quantities of half a pint or more, be sold in measures marked according to the Imperial standards (Penalty, first offence, £10, subsequent offence, £20; and forfeiture of illegal measure).

The holder of a justices' licence has to comply with a great many regulations which do not apply to the ordinary tradesman. He must keep his name affixed to the licensed premises in a conspicuous

place, together with words stating whether his licence is for the consumption of intoxicating liquor on or off the premises. If his licence is for six days only or an early closing licence, this must appear on the notice affixed to the premises. He may not deal in or store upon his premises any other kind of liquor than that for which he holds a justices' licence. He must not allow his licensed premises to have any internal communication with any other premises which are used for public entertainment or resort, or as a refreshment house, and he may not make any structural alteration in his premises which gives increased facilities for drinking or conceals from observation any part of the premises used for drinking or affects the communications between the part of the premises where the intoxicating liquor is sold and any other part of the premises or any street or other public way, without the consent of the licensing justices given either at the general annual licensing meeting or at transfer sessions. The licensing justices have also power to order structural alterations to be made, as they shall reasonably consider to be necessary, to secure the proper conduct of the business, on the parts of the premises where intoxicating liquor is sold or consumed.

The holder of a justices' licence is liable to a penalty for permitting drunkenness or violent or riotous conduct on his premises, or for selling intoxicating liquor to a drunken person, or for permitting his premises to be used as a brothel or as an habitual resort or meeting-place of reputed prostitutes. He may not suffer any constable to remain on his premises while he is on duty, or supply him with any liquor or refreshment whether by way of gift or sale while on duty, unless by authority of some superior officer of the constable. He may not permit gaming on his premises or use them in contravention of the Betting Act, 1853. He has power to exclude drunken, violent, or disorderly persons, and he must always admit a constable who desires to enter on his licensed premises for the purpose of enforcing the provisions of the Licensing Act, 1910.

The owner of licensed premises is generally not the licensee, and as the value of the premises would be very much depreciated by the loss of the licence, there are numerous provisions in the Act for the protection of the owners of the licensed premises. The name of the owner has to be registered, and notice of any conviction of a licensee has to be given to the owner, also notice of any order directing or refusing structural alterations. Where in consequence of certain offences a licensee becomes personally disqualified to hold a licence, or forfeits his licence, the owner can apply to the justices for a protection order, as in the case of a proposed transfer. It is customary whenever the transfer of a licence is about to take place, for the intended transferee to apply to the justices for a protection order which enables him to carry on business as if he were the licensee until the next transfer sessions, or until his application for a transfer of the licence can be duly heard. Where the renewal of a licence is refused, and the licensee takes all the necessary steps for appealing without delay, the Commissioners of Custom and Excise may, by order, permit him to carry on his business upon such conditions as they think just until his appeal can be heard. Similarly where a licence is forfeited in consequence of a conviction, the court by whom the conviction was made may, by order, if an appeal is duly made

against the conviction grant a temporary licence to be in force until the appeal can be heard.

**LIEN**.—This word signifies the right of a person to retain possession of the goods of another until such time as some debt or obligation which has been created has been discharged. It is often spoken of as a possessory lien. There is also a lien which is known as a maritime lien but this is noticed separately. (See MARITIME LIEN.)

No lien can arise unless the goods over which the lien is claimed have come lawfully into the possession of the person who claims the lien in the ordinary course of business. The lien is generally lost if the possession of the goods is abandoned but this does not include their deposit with a bailee for safe custody nor an involuntary loss of the goods. When the lien has once been lost by a voluntary abandonment of possession it is not revived by possession being regained except in a few special cases. Thus an insurance broker who effects a policy loses his lien upon it if he voluntarily allows it to go out of his possession but directly he regains the policy the lien revives. Also an innkeeper who has a lien upon a horse may lend it to the owner for exercise without losing his lien. And an unpaid seller of goods may retake possession and set up his lien by exercising the right of stoppage in transitu (*q.v.*)

Possessory liens are divided into two classes Particular and general. A particular lien is a right which arises in connection with the goods as to which the debt arose. The most common instances are those of a carrier who can retain the goods delivered to him for carriage until his charges are paid, a tradesman or labourer who is not bound to give up goods upon which he has expended labour unless he is rewarded for the same, and a warehouseman who is entitled to recompense for the trouble to which he has been put. But in addition to these liens which are implied by law the owner of goods and the possessor may create a particular lien over the same by express agreement between themselves.

A general lien which arises from custom or contract is a right to detain goods not only for debts incurred in connection with them but also for a general balance of account between the owner and the possessor. The most common instances of general lien are those of factors, bankers, auctioneers, stockbrokers, wharfmasters and in some instances insurance brokers. The general lien of a solicitor is of sufficient importance to be conferred more fully. For his professional charges a solicitor is entitled to retain all papers of his client which come into his possession and he has moreover a lien on all moneys recovered in an action that he cannot refuse to produce any of the papers if they are required in any particular action. In such a case the solicitor is served with a *subpoena duces tecum* (*q.v.*) and the fact that the solicitor's costs are unpaid is no answer to such a subpoena.

A possessory lien to whatever class it belongs does not give the possessor any right to deal with the goods except such as belong to the possessor in re. Thus he has not a right of sale except in so far as a statutory authority has been conferred upon him as in the cases of an innkeeper or of a wharfinger. The parties themselves however may agree that they shall be such a right and this agreement will override the general rule of law.

A lien is lost or extinguished if the possessor

surrenders possession of the subject matter or agrees to give credit for the amount due or to accept some other security for the debt owing to him. But the whole of the facts of each case must be considered in order to see whether the actual surrender or the taking of the security (as the case may be) is inconsistent with the existence of the lien or destructive of it.

An equitable lien is a lien which has nothing whatever to do with possession. It is a right to have a specific portion of property dealt with in a particular way for the satisfaction of a specific claim.

**LIFE ANNUITY**.—A payment of a specified sum—quarterly, half yearly or annually—which lasts during the life or lives of the person or the person who is or are entitled to the same. If the annuity is payable to one person only it ceases upon his or her death but as all payments of this kind are payable from day to day should the death take place between the dates of two payments there is an apportionment (*q.v.*) If the annuity is secured on the lives of two or more persons the payment ceases upon the death of the last of them apportionment applying in this case also.

**LIFE ESTATE**.—This is an estate or interest which is held by a person during his own life or during the life of another person—an estate *per autre vie*. The beneficiary is known as the tenant for life. In order to preserve great estates as intact as possible it has been the common practice in England for many years past to create settlements in such a manner that alienation is extremely difficult on the part of a spendthrift tenant. Whatever charges he creates have no effect beyond his own life. Whilst it is still impossible for a tenant for life to dissipate an estate as far as those who come after him are concerned the policy of the various Settled Land Acts has been to allow considerable freedom in dealing with landed estates the law only taking care that the capital representing the value of the land shall be kept intact.

**LIFE, EXPECTATION OF**.—(See EXPECTATION OF LIFE.)

**LIFE INSURANCE**.—It is a noteworthy fact that most classes of events arising out of a large body of circumstances tend to recur in approximately similar numbers, year after year if the constitution and the magnitude of the sources remain approximately uniform. Taking for example the whole population of Great Britain the number of paupers, the number of suicides, the number of persons adjudged bankrupt etc. do not show wide fluctuations from year to year and this feature is also observable in the number of deaths recorded in a community when the statistics of several years are compared. The date of death of an individual is usually in the highest degree uncertain yet it is quite safe to say that the deaths in Great Britain for the present year will not be far from fifteen per thousand of the total population.

This observed uniformity in the incidence of mortality has rendered life assurance possible. Repeated investigations have confirmed the fact that not only does mankind in the mass (where persons of all ages are included) show a steady death rate but that when the mass is broken up into groups according to attained age each group exhibits a similar phenomenon the death rates increase correctly the rates of mortality increasing steadily after in any with the age of the group. Bearing this latter fact in mind it is an obvious fact to compare the

least 3 miles from the place where he demands to be supplied with liquor. Although the person supplied was not, in fact, a *bona fide* traveller, the licensee is not liable to be convicted if the court is satisfied that he (1) truly believed that, and (2) took all reasonable precautions to ascertain whether or not, the purchaser was a *bona fide* traveller. Any person who buys, or obtains or attempts to buy or obtain at any licensed premises intoxicating liquors during closing hours by falsely representing himself to be a traveller or a lodger, is liable in respect of each offence to a fine not exceeding £5. Any person found on licensed premises during closing hours is liable in respect of each offence to a fine not exceeding 40s., unless he can satisfy the court that he was an inmate, servant, or lodger on the premises, or a *bona fide* traveller.

The penalties for selling intoxicating liquor without a justices' licence, or in breach of the conditions on which the licence was granted, are very severe. For a first offence the penalty is a fine not exceeding £50 or imprisonment with or without hard labour for not more than one month, for a second offence, a fine not exceeding £100 or imprisonment with or without hard labour for not more than three months, and for every subsequent offence a fine not exceeding £100 or imprisonment with or without hard labour for a term not exceeding six months. On conviction for a second or subsequent offence, the holder of a licence forfeits his licence, and, in addition, he is liable on a second offence to be disqualified for five years from holding a licence, and for a subsequent offence he is liable to be disqualified for any term of years or for life. The court has also power, by way of additional punishment, to forfeit the liquor found on the premises of a convicted person.

A licensed person is liable to a penalty of £10 in the case of a first offence and £20 in the case of a subsequent offence for allowing drinking in contravention of his licence. The holder of a justices' on-licence is liable to a penalty of 20s. for a first offence and 40s. for a subsequent offence if he sells to any person apparently under the age of sixteen spirits to be consumed on the premises.

It had long been the custom of working men to send one of their young children to fetch their beer or other intoxicating liquor from the public-house for consumption at home, with the result that the young child often took the opportunity of helping himself to the strong drinks. The effects of this practice, in many instances, were very harmful to the child, both physically and mentally, and to prevent these evil results Parliament has enacted that no holder of a justices' licence may sell or deliver to anyone under the age of fourteen years any description of intoxicating liquor for consumption by any person on or off the premises, unless such intoxicating liquor is sold or delivered in corked and sealed vessels in quantities of not less than one reputed pint for consumption off the premises only. The penalty for contravening this regulation is a fine of 40s. for the first offence, and £5 for a subsequent offence. All intoxicating liquors sold by retail and not in a cask or bottle must, if sold in quantities of half a pint or more, be sold in measures marked according to the Imperial standards (Penalty, first offence, £10, subsequent offence, £20, and forfeiture of illegal measure).

The holder of a justices' licence has to comply with a great many regulations which do not apply to the ordinary tradesman. He must keep his name affixed to the licensed premises in a conspicuous

place, together with words stating whether his licence is for the consumption of intoxicating liquor on or off the premises. If his licence is for six days only or an early closing licence, this must appear on the notice affixed to the premises. He may not deal in or store upon his premises any other kind of liquor than that for which he holds a justices' licence. He must not allow his licensed premises to have any internal communication with any other premises which are used for public entertainment or resort, or as a refreshment house, and he may not make any structural alteration in his premises which gives increased facilities for drinking or conceals from observation any part of the premises used for drinking or affects the communications between the part of the premises where the intoxicating liquor is sold and any other part of the premises or any street or other public way, without the consent of the licensing justices given either at the general annual licensing meeting or at transfer sessions. The licensing justices have also power to order structural alterations to be made, as they shall reasonably consider to be necessary, to secure the proper conduct of the business, on the parts of the premises where intoxicating liquor is sold or consumed.

The holder of a justices' licence is liable to a penalty for permitting drunkenness or violent or riotous conduct on his premises, or for selling intoxicating liquor to a drunken person, or for permitting his premises to be used as a brothel or as an habitual resort or meeting-place of reputed prostitutes. He may not suffer any constable to remain on his premises while he is on duty, or supply him with any liquor or refreshment whether by way of gift or sale while on duty, unless by authority of some superior officer of the constable. He may not permit gaming on his premises or use them in contravention of the Betting Act, 1853. He has power to exclude drunken, violent, or disorderly persons, and he must always admit a constable who desires to enter on his licensed premises for the purpose of enforcing the provisions of the Licensing Act, 1910.

The owner of licensed premises is generally not the licensee, and as the value of the premises would be very much depreciated by the loss of the licence, there are numerous provisions in the Act for the protection of the owners of the licensed premises. The name of the owner has to be registered, and notice of any conviction of a licensee has to be given to the owner, also notice of any order directing or refusing structural alterations. Where in consequence of certain offences a licensee becomes personally disqualified to hold a licence, or forfeits his licence, the owner can apply to the justices for a protection order, as in the case of a proposed transfer. It is customary whenever the transfer of a licence is about to take place, for the intended transferee to apply to the justices for a protection order which enables him to carry on business as if he were the licensee until the next transfer sessions, or until his application for a transfer of the licence can be duly heard. Where the renewal of a licence is refused, and the licensee takes all the necessary steps for appealing without delay, the Commissioners of Customs and Excise may, by order, permit him to carry on his business upon such conditions as they think just until his appeal can be heard. Similarly where a licence is forfeited in consequence of a conviction, the court by whom the conviction was made may, by order, if an appeal is duly made

By means of the complete table all questions involving money payments dependent on human life can be solved. In other words the correct values of premiums either single or annual for life insurance or the proper purchase money for life annuities can be ascertained. The underlying principle in such calculations is that if a large number of similar policies are effected the manner in which these policies will fall in can be ascertained by the table and the total discounted cost of the claims can thus be calculated. The total cost is divided by the number of contracts, and the result is the proper single premium to charge for each. For example supposing the benefit to be £1 payable on the death of a person now aged 93 it is seen from the mortality table that out of 469 people who are living at age 93 193 die in the following year 139 in the second year 86 in the third year 40 in the fourth year and 9 in the fifth year all now being dead. The total of the single premiums to be paid at entry by the 469 lives is clearly that sum which improved at an agreed rate of interest yearly will provide these claims as they fall due the fund being entirely exhausted when the last claim is paid.

The calculation, assuming a rate of interest of 3 per cent. is as follows all claims being paid at the end of the year of death—

£195 will be payable at end of first year	Discounted value is £189
139 second	131
86 third	79
40 fourth	36
9 fifth	8
Total discounted value of the claims is	<u>£443</u>

Therefore each life should pay £443 = £945 as the single premium for his insurance

The value of a life annuity is calculated in a similar manner. Taking the age of the life to be 93 and the annual payment £1 it is seen that out of 469 lives aged 93 274 are alive at the end of the first year 135 at the end of the second year 49 at the end of the third year and 9 at the end of the fourth year and no life survives to the end of the fifth year. Since the annuity is payable to each survivor the following amounts will be required at the end of successive years—

£274 will be payable at end of first year	Discounted value is £266
135 second	127
49 third	45
9 fourth	8
Total discounted value of the annuities is	<u>£446</u>

Therefore each annuitant should pay £446 = £951 as the purchase money for his annuity

The annual premium for a benefit is obviously of the nature of an annuity and is obtained by calculating the single premium and also the cost of an annuity of £1 due at the beginning of each year entered on. The equivalent annuity to the single premium is obtained by dividing the single premium by the cost of the £1 annuity the result being the annual premium. The cost of the special annuity which is called an annuity-due is simply the cost of the ordinary annuity increased by unity if payable throughout life. Thus using the result

of the two previous calculations it is found that the annual premium for an assurance of £1 payable on the decease of a life aged 93 is—

$$\frac{945}{1.951} = £484$$

In the practical calculation of the premium rates for various forms of life insurance and annuities the actuary is assisted by numerous subsidiary tables based on the mortality table in combination with various rates of interest. Commutation Tables afford a means of arriving quickly at almost any result by the combination of a few numbers taken therefrom according to the proper formula for the case. Conversion Tables enable the single or annual premium for a benefit to be obtained by inspection if the appropriate annuity value is known.

Such calculations as described above proceed on the assumption that the lives will die exactly according to the mortality table and the results are called net premiums. This assumption is however rarely realised in practice since fluctuations in the rates of mortality on either side are nearly inevitable. For this reason and also to provide for the expenses of administration an office always increases the net premiums by an addition called loading the results being known as

office premiums and appearing in the prospectus of the office.

For examples of net and office premiums the sub-divisions under this article—*Endowment Insurance and Life Insurance Schemes*—should be consulted.

The primary object of a life insurance office is to average losses by taking small contributions from the many and paying out much larger sums to the few. Accordingly if each year's contributions

paid for the year's claims the only liability under the policies at each calendar year end would be for the various fractions of a policy year unexpired but paid for that is life insurance would resemble fire insurance in this respect and a reserve of about 50 per cent. of the year's premium income would be all that was required. The large majority of life insurance contracts are however made to run for many years and a fixed or level premium is paid year by year until the claim arises consequently it is necessary for a premium

to be charged which, at the outset, is more than that required to cover a year's risk to compensate for the later years, when the yearly premium is insufficient to cover a year's risk. The balances of the early premiums not required to cover the risk of death have to be carefully set aside by the company, and accumulated at interest, and thus what is usually called the life insurance fund of the company is built up. The mistake is sometimes made of supposing that the accumulated funds of life insurance companies, which in Great Britain amount to over £379,000,000, are profits made out of the business and held undivided. This is not the case if the companies ceased to accept new policyholders, and simply allowed the existing contracts to work off by death or maturity, the funds would gradually be drawn upon for the purpose of paying claims, which the annual premium income alone in time would be unable to meet, and, in theory—though this, of course would not be absolutely realised in practice—when the last claim had been paid the funds would thereby be completely exhausted.

In practice, a fixed sum is not taken out of each premium and credited to the life insurance fund, but the balances arising on the working of the office are invested from time to time in interest-bearing securities. It is evident that the savings of a year will depend both on the rate of expense incurred by the office and on the rate of mortality it experiences amongst its lives assured, a high rate of expense and a high rate of mortality both acting unfavourably on the savings, and, accordingly, it is important that an office should investigate periodically whether its fund is sufficiently large. This is done by means of a "valuation." The existing policies are classified in such a manner that the "present value" of the sums insured can be obtained, that is, the value, when discounted at interest for the time to elapse before payment is

to be made. The "present value" of the future premiums payable (less the additions for expenses), under the same policies, is also calculated, and set off against the "present value" of the sums insured. The difference is called the "liability" under the contracts, and is the sum the office must have in hand if it is solvent. The liability is compared with the life insurance fund, and any excess of the latter over the former is called "surplus," a balance the other way being called a "deficiency."

Under the Assurance Companies Act of 1909, every life insurance company has to make a valuation at least once in every five years, and an abstract of the results has to be submitted to the Board of Trade in a prescribed form, of which the following is an outline—

1. The date up to which the valuation is made
2. The general principles adopted in the valuation
3. The table of mortality employed
4. The rate of interest employed
5. The actual proportion of the annual premium income (if any) reserved for future expenses and profits
6. The consolidated revenue account since the last valuation
7. The liability under the policies, to be given in the form below
8. The principles upon which the distribution of profits is made
9. The amount of profit allocated to policyholders, shareholders, reserve funds, and carried forward unappropriated, respectively, and specimens of bonuses allotted to whole life and endowment insurance policies

Every five years a statement must accompany the valuation abstract, giving—

The published tables of premiums for whole life and endowment insurance,

# SUMMARY AND VALUATION OF THE POLICIES OF THE . . . AS AT . . . , 19 . .

Description of Transactions	Particulars of the Policies, for Valuation				Valuation			
	Number of Policies	Sums Assured and Bonuses	Office Yearly Premiums	Net Yearly Premiums	Value by the Table, Interest %			
					Sums Assured and Bonuses	Office Yearly Premiums	Net Yearly Premiums	Net Liability
Total of the Results								

## VALUATION BALANCE SHEET OF THE..... AS AT . . . , 19 . .

To Net Liability under Life Assurance and Annuity Transactions £  
 To Surplus, if any . . . . .

By Life Assurance and Annuity Funds £  
 By deficiency, if any . . . . .

**This Indenture** made the first day of July One thousand eight hundred and twelve Between *Joseph Simpson* of 389 *Bridge Street* in the County of *Whitshire* (hereinafter called the Vendor) of the one part and *Alfred Robinson* of 983 *White Street Greenford* in the County of *Whitshire* (hereinafter called the Purchaser) of the other part Witnesseth that in consideration of the sum of *Two hundred and forty pounds* this day paid by the Purchaser to the Vendor in full absolute purchase of the Policy hereby assigned (the receipt of which sum the Vendor doth hereby acknowledge) The Vendor as Beneficial Owner doth hereby assign unto the Purchaser All that Policy of Assurance for the sum of *five hundred* pound on the life of *the said Joseph Simpson* granted by the *Royal Union Insurance Company* dated the *tent* day of *December* One thousand *eight* hundred and *ninety six* numbered *389745* and under the annual premium of *twenty three pounds ten shillings* and all moneys assured or to become payable by or under the said policy and the full benefit thereof To hold the profit unto the Purchaser absolutely And the Vendor doth hereby covenant with the Purchaser that the Vendor will not do or knowingly suffer anything whereby the said Policy may be rendered void or voidable or any additional premium or payment shall become payable in respect thereof or the Purchaser his executors administrators or assigns may be prevented from receiving the several moneys assured or to become payable by or under the said Policy or any part thereof respectively And it is hereby declared that the transaction hereby effected does not form part of a larger transaction or of a series of transactions in respect of which the amount or value or the aggregate amount or value of the consideration exceeds Five hundred pounds In witness whereof the said parties to these presents have hereunto set their hands and seals the day and year first above written

Signed Sealed and Delivered by the  
above-named *Joseph Simpson*  
and *Alfred Robinson*  
in the presence of  
*Thomas Turton*  
*84 Blue Street*  
*Whitston*  
*Surrey*

*JOSEPH SIMPSON*

*ALFRED ROBINSON*







The existing policies classified in such a manner that the valuation can be roughly checked.

The annual rate of interest provided by the life insurance fund since the last valuation.

A table of specimen surrender values allowed for whole life and endowment insurances.

The Act does not lay down any rule as to the rate of interest or the mortality table to be employed in the valuation. These are left entirely to the choice of the office. It is an established fact that the higher the rate of interest used in discounting the sums insured and net premiums the smaller is the liability brought on, and also the liability varies according to the mortality table used. It is important therefore that the rate of interest assumed should not be greater than that which the fund is realisable and likely to realise in the future, and the mortality table adopted should be suitable to the conditions of the office. At the present day most offices make a very conservative estimate of the future rate of interest, a large proportion using 3 per cent., while a few adopt 2½ per cent. The mortality table used by most British ordinary offices is either the HM or the OM. There is very little difference in the liability as calculated by these two tables the OM generally giving a slightly heavier result.

Although primarily a test of solvency the periodical valuations instituted by most companies are regarded chiefly as a means for ascertaining the amount of profit which can safely be divided amongst the policyholders in the form of bonus, and the details of the valuation are arranged with this end in view. If it was doubtful whether a company was solvent or not the proper way to ascertain the liability would be to assume a rate of interest and a table of mortality as close as possible to the expected future experience and to value the office premiums less an abatement for the estimated future annual expense, but when a valuation is being made with the view of ascertaining the distributable profits the method of distribution of the profits has to be kept in mind. The uniform reversionary bonus, either simple or compound, is the prevailing method in Great Britain (see sub-division under this article—*Division of Life Insurance Profits or Bonuses*) and under this system, if the rate of bonus is maintained, a policyholder gets either the same or an increasing reversionary addition to the sum assured at each valuation. This means that the equivalent cash allotment to a policyholder at each valuation since the date of payment of the policy moneys is continually drawing nearer. The maintenance of a given rate of bonus at successive valuations is, of course a thing to be desired, and it has been discovered that to do this it is advisable to use in the valuations a rate of interest from ½ to 1 per cent. lower than that which is being realised on the fund combined with a mortality table which gives large reserves like HM or OM. The reason for this will be seen when the origin of surplus, or profits, is explained.

If an office realised exactly the rate of interest assumed in its valuations experienced exactly the mortality shown by the table used, spent exactly all the premium incomes in expenses, and had no withdrawals, it would show no heretofore net deficiency at successive valuations. This is never realised in practice and the surplus which is usually revealed arises mainly from the assumption and the actual experience differ either in the bonus of interest and expenses.

Surplus from interest arises when the rate realised is greater than that assumed in the valuations, and since the longer a policy is in force the larger does the liability under it become, the profit from surplus interest allotted to a policyholder increases at successive valuations, since such surplus interest is earned on the increasing reserve or fund which is held against the liability. The profit from loading not spent remains the same at successive valuations, if the rate of expense remains constant. It is there once seen that the effect of valuing on the basis above described is to entitle a policy to an increasing cash allotment at successive valuations an approximately constant reversionary equivalent being thereby brought out. This is the rationale of what is usually described as an HM (or OM) ½ per cent net premium valuation. Interest at 3 per cent is used although the company may be earning 3½ to 4 per cent on its funds and the present value of the future net premiums only is taken credit for as an asset, the loadings not being brought into account. The result of making reserves to satisfy the requirements of such a valuation is that a reversionary bonus of 1½ to 2 per cent, or more per cent, on the sum assured can generally be maintained year after year.

The cash allowance or as it is generally called the surrender value, which can be paid to a policyholder on his withdrawal from an insurance office is intimately connected with the reserve the office holds against the liability under the policy. The reserve and therefore, the surrender value increases with the duration of the contract but the amount of the surrender value is always less than the reserve. This is only proper since the policyholder has broken his contract with the office which will have to incur expense in obtaining a new policyholder if the business of the office is not to dwindle. Further it has been argued that the lives who surrender are on the average healthier than those who remain, since a man will do all that he can to avoid surrendering his policy if he is in a bad state of health, therefore, it is said those who abandon their policies should not be paid all the reserves held against them but a proportion should first be deducted so as to augment the reserves held against continuing policies.

The practice with many companies is to calculate the reserve at a higher rate of interest than is assumed in the valuations as 4 or ½ per cent the effect being to bring out a smaller reserve. A percentage of the result, usually increasing with the duration of the policy is then taken, and allowed as the surrender value. Sometimes the first year's premium is ignored in the valuation of the reserve which is then found on the assumption that the policy was effected a year or more than is the actual case the effect being to reduce the reserve. This method is based on the supposition that the first year's premium is entirely absorbed in providing for the cost of a year's insurance and the heavy initial costs incurred in commission expenses of issue and medical examination fees.

The fallacy will now be seen of the argument which is sometimes used to the effect that when an office has not incurred any loss by the conversion of a policyholder with it all the premiums paid ought to be returned if the policyholder desires to abandon the contract. Apart from the enormous expenses of administration the office has not got in hand all the premium paid. Part has been used in paying claims to the beneficiaries

Dated July 1st, 1912

Mr. Joseph Simpson

— TO —

Mr Alfred Robinson

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## Assignment

Of Policy of Assurance.

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The existing policies classified in such a manner that the valuation can be roughly checked.

The annual rate of interest yielded by the life insurance fund since the last valuation.

A table of specimen surrender values allowed for whole life and endowment insurances.

The Act does not lay down any rule as to the rate of interest or the mortality table to be employed in the valuation. These are left entirely to the choice of the office. It is an established fact that the higher the rate of interest used in discounting the sums insured and net premiums the smaller is the liability brought out and also the liability varies according to the mortality table used. It is important therefore that the rate of interest assumed should not be greater than that which the fund is realising and likely to realise in the future and the mortality table adopted should be suitable to the conditions of the office. At the present day most offices make a very conservative estimate of the future rate of interest, a large proportion using 3 per cent while a few adopt 2½ per cent. The mortality table used by most British ordinary offices is either the HM or the OM. There is very little difference in the liability as calculated by these two tables the OM generally giving a slightly heavier result.

Although primarily a test of solvency the periodical valuations instituted by most companies are regarded chiefly as a means for ascertaining the amount of profit which can safely be divided amongst the policyholders in the form of bonus and the details of the valuation are arranged with this end in view. If it was doubtful whether a company was solvent or not, the proper way to ascertain the liability would be to assume a rate of interest and a table of mortality as close as possible to the expected future experience and to value the office premiums less an abatement for the estimated future annual expense but when a valuation is being made with the view of ascertaining the divisible profits the method of distribution of the profits has to be kept in mind. The uniform reversionary bonus either simple or compound, is the prevailing method in Great Britain (see sub-division under this article—*Division of Life Insurance Profits or Bonuses*) and, under this system, if the rate of bonus maintained a policy gets either the same or an increasing reversionary addition to the sum assured at each valuation. This means that the equivalent cash allotment to a policy increases at each valuation since the date of payment of the policy moneys is continually drawing nearer. The maintenance of a given rate of bonus at successive valuations is of course a thing to be desired and it has been discovered that to do this it is desirable to use in the valuations a rate of interest from ½ to 1 per cent. lower than that which is being realised on the fund combined with a mortality table which gives large reserves, like HM or OM. The reason for this will be seen when the origin of surplus or profits is explained.

If an office realised exactly the rate of interest assumed in its valuation, experienced exactly the mortality shown by the table used, spent exactly all the premium loadings in expenses, and had no withdrawals it would show neither surplus nor deficiency at successive valuations. This is never realised in practice and the surplus which is usually revealed arises mainly from the assumption and the actual experience differing under the heads of interest and expenses.

Surplus from interest arises when the rate realised is greater than that assumed in the valuations and since the longer a policy is in force the larger does the liability under it become the profit from surplus interest allotted to a policy should increase at successive valuations, since such surplus interest is earned on the increasing reserve or fund which is held against the liability. The profit from loading not spent remains the same at successive valuations if the rate of expense remains constant. It is, therefore, seen that the effect of valuing on the basis above described is to entitle a policy to an increasing cash allotment at successive valuations an approximately constant reversionary equivalent being thereby brought out. This is the rationale of what is usually described as an HM (or OM) 3 per cent net premium valuation. Interest at 3 per cent is used although the company may be earning 3½ to 4 per cent on its funds and the present value of the future net premiums only is taken credit for as an asset, the loadings not being brought into account. The result of making reserves to satisfy the requirements of such a valuation is that a reversionary bonus of 10s or more per cent on the sum assured can generally be maintained year after year.

The cash allowance or as it is generally called the surrender value which can be paid to a policyholder on his withdrawal from an insurance office is intimately connected with the reserve the office holds against the liability under the policy. The reserve and therefore the surrender value increases with the duration of the contract but the amount of the surrender value is always less than the reserve. This is only proper since the policyholder has broken his contract with the office, which will have to incur expense in obtaining a new policyholder if the business of the office is not to dwindle. Further it has been argued that the lives who surrender are on the average healthier than those who remain since a man will do all that he can to avoid surrendering his policy if he is in a bad state of health, therefore it is said those who abandon their policies should not be paid all the reserves held against them, but a proportion should first be deducted so as to augment the reserves held against continuing policies.

The practice with many companies is to calculate the reserve at a higher rate of interest than is assumed in the valuations as 4 or 4½ per cent the effect being to bring out a smaller reserve. A percentage of the result, usually increasing with the duration of the policy is then taken and allowed as the surrender value. Sometimes the first year's premium is ignored in the calculation of the reserve which is then found on the assumption that the policy was effected a year later than is actually the case the effect being to reduce the reserve. This method is based on the supposition that the first year's premium is entirely absorbed in provision for the cost of a year's insurance and the heavy initial costs incurred in commission expenses of issue and medical examination fee.

The fallacy will now be seen if the argument which is sometimes used to the effect that when an office has not incurred any loss by the operation of a policyholder with it all the premium paid ought to be returned if the policyholder desires to abandon the contract. Apart from the existence of expenses of administration the office has not got in hand all the premiums paid. Part has been used in paying claims on the lives who

have died, and it is only on account of a uniform premium being charged, under the more popular schemes, for an increasing risk, that there is any balance left out of the premiums after paying the claims. For example, short term temporary insurances do not carry the right to a surrender value, because the annual premiums charged approximate so closely to the cost of a single year's insurance.

Instead of a surrender value, the policyholder may take its equivalent in the form of a new policy for a reduced amount, payable under the same conditions as the surrendered policy, except that it is not subject to premiums. This is called a "free policy," and the sum assured thereby is, of course, greater than the surrender value, on account of the former only being payable, it may be, many years hence, while the latter is due immediately.

The necessity for the accumulation of a life insurance fund having been demonstrated, it now remains to show how an office carries out this part of its functions.

The cardinal principles of life insurance finance are Safety of the principal, and, subject to this, the obtaining of as high a rate of interest as possible. The necessity for the first requisite is obvious, when it is remembered that the fund is held in trust, as it were, for the policyholders, and, as regards the second, a high rate of interest on the fund is desirable, because surplus interest is one of the main sources of profits, or bonuses, and the popularity of an office with the public depends very much on the rate of bonus it is able to declare.

Owing to the circumstance that, given a fair influx of new insurances yearly, the fund never needs to be drawn on, an insurance office does not need to hold a large proportion of its assets in liquid securities, as does a bank. It can make investments for long periods, and thereby it is able to command the best rate of interest. For example, mortgages for fixed terms of years, loans to local authorities repayable by instalments spread over a long term, purchases of the reversion to funds, investments in bonds redeemable at a stated price at the expiration of a considerable period are all largely taken advantage of.

The table below, extracted from the Board of Trade Returns, shows the disposition of the total funds and capital of British offices transacting life insurance business. The fire, marine, and

miscellaneous funds of offices engaging in these forms of insurance, besides life, are included, since a separate balance sheet is not required for each class of business. The figures relate for the most part to December 31st, 1909, and include both ordinary and industrial business.

It will be observed that a large proportion of the funds is invested in Stock Exchange securities, and the depreciation which has occurred during the last few years has compelled many offices to write down the book values of this class of security rather severely, the result in some cases being a reduction or non-declaration of bonus at one or more valuations. During the years 1901 to 1909 no less a sum than £4,899,000 has been written off as decrease in value of investments, the much smaller sum of £1,158,000 being recorded during the same period as increase in the value of investments. In addition, very large amounts have been transferred to investment reserve funds. It must be remembered that the depreciation has not affected the annual income from those securities under which the interest is guaranteed, such as Government and municipal stocks, and here the effect of the fall in value is to raise the rate of interest yielded.

The table given above classifies the investments according to the requirements of the Life Assurance Companies Act of 1870, but under the Assurance Companies Act of 1909 the classification is more detailed, and is as follows—

Mortgages on property within the United Kingdom

Mortgages on property out of the United Kingdom

Loans on parochial and other public rates

" life interests

" reversions

" stocks and shares

" company's policies within their surrender values

" personal security.

Investments—

Deposit with the High Court (securities to be specified)

British Government securities

Municipal and county securities, United Kingdom

Indian and Colonial Government securities

" " provincial "

" " municipal "

Foreign Government securities.

" provincial "

" municipal "

Railway and other debentures and debenture stocks—Home and Foreign

Railway and other preference and guaranteed stocks. [stocks.]

" ordinary stocks

Rent charges

Freehold ground rents

Leasehold " "

House property

Life interests

Reversions

Agents' balances

Outstanding premiums

" interest, dividends, and rents.

Interest accrued, but not payable

Bills receivable

Cash—

On deposit.

In hand and on current account

Other assets (to be specified).

Mortgages ..	103,292,863
Loans on Policies ..	23,592,079
Loans on Rates ..	53,111,232
British Government Securities ..	7,307,469
Indian and Colonial Government Securities ..	20,321,399
Foreign Government Securities ..	17,357,825
Debentures ..	99,484,510
Shares and Stocks ..	44,613,765
Land and House Property and Ground Rents ..	44,218,780
Life Interests and Reversions ..	10,148,113
Loans on Personal Security ..	2,266,798
Agents' Balances and Outstanding Premiums ..	8,867,482
Outstanding Interest ..	4,195,345
Cash, Deposits, Stamps, etc ..	7,238,452
Deficiencies, Establishment Expenses, etc ..	1,326,532
Total ..	£447,342,644

The theory of life insurance has been greatly developed by the Institute of Actuaries and the Faculty of Actuaries. The former society was founded in the year 1848 and in 1884 was incorporated by Royal Charter. The latter was formed in 1856 by the Scottish members of the Institute who withdrew in that year owing to certain difficulties arising between them and the London actuaries and it received a Royal Charter of incorporation in 1863. Each body holds examinations in mathematics the theory and practice of life insurance law and the theory and practice of finance and successful candidates on election to Fellowship are entitled to use the letters F.I.A. and F.F.A. respectively after their names. The examinations of the Institute are four and of the Faculty three in number and a very high standard of proficiency is set by the examiners. The *Journal of the Institute of Actuaries* and the *Transactions of the Faculty of Actuaries* form a rich library of original researches relating to actuarial problems of every description. The Institute has also issued a *Text Book of the Theory of Finance and Life Contingencies* which has become the standard work on the subject and has published numerous reprints of courses of lectures bearing on subjects of interest to the actuarial student. The address of the Institute is Staple Inn Hall Holborn London W.C. and of the Faculty 14 Queen Street Edinburgh.

1. LIFE INSURANCE SCHEMES. The various forms of policy offered to the public by life offices fall naturally into two divisions. (1) Policies for the benefit of the family of the life insured or for his own old age and (2) financial policies utilised in connection with loans contingent interests in estates etc.

To the first class belong the whole life insurance and the endowment insurance both of which may be effected on a single life or on two or more lives jointly as for example husband and wife. Various forms of policies for the benefit of children also come under this heading.

The whole life insurance is payable on the decease of the person insured if on a single life or on the first death if effected on two or more lives jointly. The endowment insurance provides that the sum insured shall be paid at the end of a fixed term of years if the life or lives insured are in existence or immediately at death should this occur before the expiration of the fixed term. The premiums for these two forms of contract usually fall due at yearly intervals and continue to be payable until the happening of the event on which the sum assured is payable. Limited payment policies however can be effected under which the premiums are limited to a definite term of years as 5 10 15 or 20 in the case of a whole life insurance and to a less term of years than the endowment period under an endowment insurance policy.

If a man desires to obtain the greatest amount of protection for his family by a given annual expenditure in premiums the whole life form of policy should be taken with premiums payable throughout life since the premium per cent is less than for either a limited payment whole life policy or an endowment insurance. Most persons however look forward to retiring from business activities at or soon after age 65 and it appears desirable to effect an endowment insurance maturing at this age in place of a whole life policy since

if the policy is taken out at a reasonably early age the difference in premium is slight it being about 6s 6d per cent at age 25 9s 6d at age 30 and 13s 6d at age 35. The assured benefits thereby both by the cessation of premiums and the receipt of the policy moneys (See under this article—*Endowment Insurance*).

A form of policy which is very popular with young professional men and others who expect that their incomes will materially increase in the course of a few years but who desire as much insurance protection as possible at once is that under which the premiums for the first five years are very low—usually half of the sixth and following premiums no debt or incumbrance being created thereby on the policy. By this plan a much larger sum assured can be secured by a given outlay of premium during the first five years than under a whole life level premium policy the reverse of course being the case afterwards.

All the above forms of policy can be taken either with profits or without profits the premiums under the first class being rather higher in consideration of the assured being allowed to participate in the periodical divisions of profits made by the company (See under this article—*Distribution of Life Insurance Profits or Bonuses*).

Policies for the benefit of children are issued in considerable variety. The most simple is the deferred insurance under which the sum insured is not at risk until age 21 is attained the insurance company simply returning the premiums if death takes place before that age is reached. The form of the benefit after age 21 may be either a whole life insurance or an endowment insurance. This description of policy if effected some years previously is very suitable for a gift to the child at majority since the premium payable is much less than would be required for a new and similar insurance at that age and there is accordingly a strong inducement for the recipient to maintain the policy in force. A form of contract known as the educational annuity provides for the payment of a fixed annual sum commencing at say age 16 and continuing for four five or six years. The policy is taken out some years before the attainment of the age at which the payments commence and may be paid for either by a single premium or by annual premiums ceasing at the specified age. It may be arranged that the death of the parent shall cancel the remainder of the premiums payable the benefits under the policy continuing unaltered. If the child dies before the commencement of the annuity the premiums may be returnable or non-returnable (as agreed upon at the issue of the policy) being higher in the former case than in the latter. This description of policy is useful for gradually providing during the earlier years of a child's life for the cost of higher education or entry into a business or profession.

The principal object of life insurance is to provide for dependents and for a considerable time the view was taken that the provision of a lump sum payable at decease perfectly accomplished this object. It began to be recognised however that the investment of the policy moneys in a secure and profitable manner by the survivors may prove difficult especially in the case of female and young people and many offices now issue special policies under which the sum insured will be repaid by them for say twenty years from its becoming due the office paying interest on it

at the rate of 5 per cent during that time, and at the end handing over the sum insured intact to the beneficiaries. A safe and remunerative investment for a long period is thus guaranteed, and the danger avoided of a disastrous investment by the survivors. This form of policy goes under various names, such as "guaranteed income policy," "debenture policy," or "5 per cent bond policy." The annual premium is larger, of course, than for the corresponding form of policy which does not carry the right of investment of the policy moneys at 5 per cent.

The "instalment policy" is designed for a similar purpose to that just described, but instead of being retained at interest by the company for a fixed period, the sum insured is divided into, say, twenty equal parts, and these are paid at yearly intervals to the beneficiaries under the policy, and at the end of the twenty years the office has thereby discharged its obligations under the contract. The premiums for this description of insurance are smaller than those for the corresponding form of contract under which the policy moneys are payable in one sum on the happening of the event insured against, since the office is able to earn interest on the balance of the sum insured in hand from year to year, during the instalment period. A development of the instalment policy provides for the sum insured being paid by equal instalments over a fixed term of years, but if the beneficiary—who has to be named at the issue of the policy—is alive when the end of the term is reached, the instalments do not cease, but are continued until his or her death. This form of policy enables a man to ensure that his wife, for example, if she should survive him, will be in receipt of an income as long as she lives after his decease.

The "discounted bonus" policy affords a means of obtaining life insurance at a minimum cost. The rationale of this description of policy is as follows: If a person takes out a "with profit" policy, he is able to apply the bonuses which are added to his policy from time to time in reduction of the premiums still remaining to be paid, and thus a decreasing premium is actually paid under the contract, the original sum insured only being payable on the happening of the event insured against, if all the bonuses have been applied as described. In such a case the bonuses would only be given up in exchange for reduction of premium as they were declared, and if at any particular valuation no profits were divided, the then existing premium would have to be continued until the next division of profits. With many companies, however, the "passing" of a bonus, as it is technically termed, is a very remote possibility, and accordingly, in some life office prospectuses, a table is given showing the "with profit" premiums after being reduced by the application of a yearly bonus, which, it is assumed, would otherwise be added to the policy throughout its entire currency. The bonuses thus anticipated for the future are usually at a rate which is rather less than that which the company has succeeded in maintaining for a considerable time past, and the reduced premiums (which are level, and not decreasing as when the bonuses are only applied at their declaration) are frequently less than the "without profit" rates published in the same prospectus. This appears rather anomalous until it is remembered that in the event of the bonus actually declared at any time falling short of the

bonus assumed in calculating the reduction, the sum assured under the discounted bonus policy would be reduced by the difference. On the other hand, the "without profit" policyholder is secure in the knowledge that his sum insured can never be reduced, even though the profits of the company go down to vanishing point. With some companies any excess of bonus actually declared over that anticipated is added to the sum insured under their discounted bonus policies.

A comparative table of the yearly premiums for the various forms of policy payable at death is given on page 941, the sum assured being £100.

Specimen yearly premiums for children's policies are given in the following table, in respect of a sum assured of £100. No medical examination of the child is required.

Age at Entry	Deferred Insurance, with profits, commencing at age 21. Premiums only returned, without interest, at death before 21								
	At death after 21			At death after 21, or on attainment of age					
				35		45		55	
1	£	s	d	£	s	d	£	s	d
5	0	19	0	2	4	0	1	10	7
10	1	1	11	2	13	3	1	17	3
15	1	6	0	3	9	0	2	5	2
	1	11	4	4	12	7	2	17	9

In the second or financial class may be placed the short term or temporary insurance, the contingent or survivorship insurance, the last survivor insurance, and the sinking fund, leasehold redemption or capital redemption insurance.

The temporary insurance is taken out to cover the risk of death within a comparatively short period, as 1, 3, 5, or 7 years; and if the life survives the term, the insurance automatically comes to an end, though some companies have a scheme under which a term insurance can be converted into one for the whole of life, if application is made a year or so before its expiration. This form of policy is chiefly used in connection with loans for business purposes, which it is intended shall be repaid in the course of a few years. The death of the borrower during that time might seriously affect the prospects of the undertaking for which the money was borrowed, and thereby the security of the lender would be impaired, accordingly, a short term insurance for the amount of the loan is often effected to cover this risk.

A contingent or survivorship policy provides for the payment of the sum assured only in the event of the life assured, A, predeceasing another specified life, B. If B dies first, the policy comes to an end, as it is then impossible for the event assured against to happen. This form of contract is used to render a contingent interest in an estate absolute, when such secured interest may be sold or utilized as security for a loan.

A last survivor policy is taken out on two or more lives, and the sum assured is payable at the last death. It may be arranged for the premiums to be

Age at Entry	Sum Assured paid in 10 equal yearly instalments	Discounted Bonus Policy	Without Profit Policy	With Profits Policy	Guaranteed Income Policy Interest for 10 years		Early Premiums Reduced			
					Without Profits	With Profits	Without Profits		With Profits	
							1st five yrs	Subsequently	1st five yrs	Subsequently
Premiums payable until death occurs										
20	£ 5 d 4	£ 11 s d 8	£ 13 s d 4	£ 17 s d 10	£ 5 s d 4	£ 8 s d 11	£ 2 s d 4	£ 3 s d 7	£ 0 s d 18	£ 1 s d 17
30	£ 11 s d 6	£ 19 s d 2	£ 20 s d 0	£ 24 s d 8	£ 3 s d 7	£ 8 s d 11	£ 14 s d 7	£ 19 s d 2	£ 1 s d 17	£ 1 s d 15
40	£ 2 s d 8	£ 24 s d 4	£ 16 s d 0	£ 3 s d 6	£ 3 s d 7	£ 8 s d 11	£ 12 s d 10	£ 14 s d 6	£ 3 s d 9	£ 1 s d 17
50	£ 3 s d 4	£ 17 s d 6	£ 19 s d 0	£ 4 s d 11	£ 5 s d 10	£ 8 s d 11	£ 10 s d 18	£ 11 s d 7	£ 5 s d 3	£ 1 s d 15

Age at Entry	Without Profits.				With Profits.			
	Premiums limited to—							
	1 year (Single Premiums)	5 years.	10 years	15 years	1 year (Single Premiums)	5 years	10 years	15 years
0	£ 32 4 0	£ 7 1 6	£ 3 19 9	£ 2 18 1	£ 39 7 9	£ 8 12 1	£ 4 15 9	£ 3 10 8
30	38 5 7	8 7 8	4 13 4	3 9 1	46 2 5	10 1 10	5 12 7	4 3 5
40	45 19 5	10 1 10	5 13 3	4 4 7	54 7 7	11 18 9	6 14 0	5 0 0
50	55 14 5	12 6 5	7 0 3	5 6 10	65 0 6	14 3 2	8 1 2	6 2 9

paid during the whole currency of the contract or only until the first death occurs

Specimen yearly premiums for a short term insurance of £100 are given in the following table—

Age at Entry	Sum Assured payable only if death occurs within a term of			
	1 year	3 years	5 years	7 years
20	£ 17 6	£ 0 17 10	£ 0 19 3	£ 0 18 6
30	0 19 11	1 0 8	1 1 2	1 1 10
40	1 4 7	1 5 2	1 5 10	1 6 8
50	1 16 4	1 17 11	1 19 11	2 2 3

It sometimes happens that a fund—it may be to replace the capital value of property held on lease to replace the premium paid on the purchase of redeemable bond or for various other reasons—has to be accumulated over a term of years and for this purpose a capital redemption policy is very suitable. The premium is paid yearly and at the end of a fixed number of years the sum insured becomes due. There is no life insurance involved, the premiums less the small expenses are simply accumulated at compound interest by the insurance company and the resulting fund is paid out by them at the end of the agreed term. Such an insurance may also be purchased by a single premium payable at the outset, or by yearly premiums limited to a shorter term than that of the insurance.

The following table gives specimen single and

yearly premiums for a capital redemption insurance of £100—

Premium	Sum Assured payable at the expiration of			
	10 years	20 years	30 years	40 years
Single	£ 74 6 0	£ 55 3 4	£ 41 0 1	£ 30 6 3
Yearly	8 8 3	3 11 4	1 19 11	1 5 4

Some companies will agree to dispense with the usual medical examination, which to some people is very distasteful if the sum assured is not greater than about £500. A proposal form containing a large number of questions relating to the past and present state of health of the life has to be completed and in the event of death taking place in the first year of insurance one-third only of the sum assured will be paid, or if death happens in the second year two-thirds. After the expiration of two years the company is at risk for the full sum assured. This form of policy may be effected by monthly premiums. 5s per month assuring about £170 without profits at age 20, £180 at age 30, and £90 at age 40 payable at death.

2. LIFE INSURANCE GENERALLY. In this article will be described the various incidents affecting life insurance policies as between the office and the assured, and the numerous provisions and conditions which attach to policies.

The first step towards taking out a life insurance policy is the completion of a proposal form which has to be made out a form provided by the office. A specimen is given for each class of



# PROPOSAL FOR INSURANCE IN THE ..... LIFE INSURANCE SOCIETY

- 1 Name, Residence, and Profession of person making the proposal for insurance
- 2 Place and date of birth Age next birthday
- 3 Reference to two private friends (not near relatives or persons interested in the proposed insurance) to ascertain general and present state of health.  
Reference to present Medical Attendant for like purpose.
- 4 If any other medical attendance has been required, state from whom, and when
- 5 Have you ever resided beyond the limits of Europe? If so, when and where, and did your health suffer?  
Have you any prospect or intention of going beyond the limits of Europe? If so, where?
- 6 Has your life ever been proposed before to this or any other office?  
If so, name the offices and dates, and state whether the proposals were accepted at the ordinary or at an increased premium, or declined or withdrawn  
Is your life now being proposed to any other office or offices? If so, name them
- 7 Sum to be assured £
- 8 Term for which the assurance is proposed, and whether With or Without Profits.
- 9 Whether premium to be payable for life, or for what period? and whether by annual, half annual, or quarterly premiums?  
Amount of premium £

## DECLARATION

Being desirous of becoming a member of the . . . . . Life Insurance Society, for the insurance specified in the above proposal, I declare that the foregoing answers are true, and I agree that they and the answers given, or to be given, to the separate questions put by the medical officer acting on behalf of the Society (all of which answers shall be held as incorporated in this Declaration) shall form the basis of the Contract of insurance between me and the Society, and I accede to the constitution, laws, and regulations of the Society

(Signature) . . . . .  
(Date) . . . . .

The life is medically examined, and the proposal and medical report are considered together by the directors of the company. If the proposal is accepted, the "policy," which is the evidence of the contract, is prepared and forwarded to the local representative, to be handed to the assured on payment of the first premium, if this has not already been paid.

The proposal is the basis of the contract, and the questions thereon and those put by the medical officer must be answered by the proposer in the utmost good faith. A wrong answer on any material point, such as the state of health, or habits, or family history, would render the policy voidable by the office (See declaration attached to proposal).

The wording of the policies issued by different offices varies considerably. A concise form of whole life policy is given on page 943.

The conditions under which policies are issued have been gradually liberalised, and at the present time the payment of the premium, when due, is practically the only condition imposed in ordinary cases by many companies. In the old days of life insurance a mere trip to the Continent was deemed sufficient reason for charging an extra premium, but now most policies are made "world-wide," either at date of issue or after twelve months have expired, if the assured at the time of making the proposal had no intention of going abroad. Lives engaged in the Navy or Mercantile Marine are still charged an extra premium by many offices, as are persons engaged in certain trades, those connected with the sale or manufacture of intoxicating liquors being charged from 10s to £2 per cent per annum on account of the heavy mortality experienced by this class. Female lives are often charged a small sum extra, usually 5s per cent. per annum, on account of the risks of child-bearing.

If the premium is not paid on the due date, the

policy does not immediately "lapse" or become void. The company usually allows the following month, which period is called the "days of grace," for payment, and if death takes place within the days of grace before the premium is paid, the sum assured, less the due premium, is payable to the assured's representatives or assigns. If the days of grace expire and the premium remains unpaid the policy lapses, but the custom with most offices is to allow the "revival," or reinstatement, of the policy within twelve months after the due date of the unpaid premium, if the life is in good health, on payment of the arrears of premium, together with interest thereon.

A policy under the ordinary forms of insurance acquires a "surrender value" when two or three years' premiums have been paid, that is, the office will pay a certain sum in cash to the assured if he wishes to abandon the policy (see ante). The existence of this available cash, which grows in amount with the duration of the policy, is utilised in various ways for the benefit of the assured who is unable to pay a premium when due. The office will grant a loan on security of the policy within the surrender value, to enable the assured to pay the premium, this procedure being automatic with some offices, if application is not made by the assured, or, in some cases, it will grant either extended insurance for the full sum assured for a limited term of years without payment of any further premiums, or a reduced insurance for the whole duration of the original contract, similarly free from premiums. The latter is called a "free policy." Under an endowment insurance, the free policy that is granted on the discontinuance of the premium is usually that proportion of the sum assured which the number of premiums paid bears to the total number payable, the declared bonuses being added thereto. Thus, under a twenty-year endowment

## POLICY OF WHOLE LIFE POLICY

## INSURANCE COMPANY LIMITED

Policy No

Sum assured £

## Chief Office

WHEREAS the person described in the subjoined Schedule as the Assured is desirous of effecting with the Insurance Company Limited (hereinafter called the Company) the insurance set out in the said Schedule and has subscribed or caused to be subscribed and delivered to the Company a proposal and declarations relative thereto which are hereby declared to be the bases of this contract NOW THIS POLICY WITNESSETH THAT in consideration of the premiums mentioned in the said Schedule being duly paid to the Company the Company will pay the sum assured by this Policy upon proof satisfactory to the Company of the happening of the event described in the said Schedule of the death of the life assured if that shall not have been already proved and of the title of the claimant

## SCHEDULE

Name Residence and Occupation of the Assured		Date of Proposal and Declaration Date of Declaration before Medical Officer	
Name Residence and Occupation of the Life Assured		Date of Birth of the Life Assured as stated in the Proposal	
Amount of Insurance with Profits Payable to Participation in £		Premiums— First Premium paid Future Premiums Payable	£ £
Event on the happening of which the Sum Assured is to become payable		Special Provisions	

IN WITNESS whereof one of the Directors of the Company has hereunto subscribed his hand and affixed the Common Seal of the Company this day of in the year One thousand nine hundred and

{ Entered

Director

{ Examined

ALL NOTICES OF ASSIGNMENT must be sent direct to the CHIEF OFFICE of the COMPANY

insurance for £1000 on which five premiums have been paid and bonuses amounting to £80 have been declared the free policy allowed will be five twentieths of £1000 plus £80 or £330 which will be payable at death or on the expiration of the original term of twenty years. Policies issued with such a privilege attaching are called non forfeit able because each premium absolutely secures a proportionate part of the sum assured and the principle is usually extended to whole life insurances by limited payments as well as endowment insurances.

Most offices protect themselves against the effecting of a policy by a person who contemplates suicide by stipulating that in the event of death occurring in this manner within one or two years from entry the policy shall be void but the interests of a bona fide assignee for value are recognised in such a case to the extent of his interest.

It is desirable that the age of the life should be proved at entry by the production of a certificate of birth or other evidence satisfactory to the office as if this is not done the age may be discovered to be understated when the claim arises. The mistake will not invalidate the policy but a reduction in the sum assured will be made that proportion of

the sum assured being payable only which the premium paid bears to the premium which should have been paid. Thus if the premium of £22 has been paid for a sum assured of £500 instead of the proper premium of £25 according to the true age at entry the sum assured will be reduced to £440 and the bonuses in the same proportion.

When a claim arises by death the claimant is required to prove his title to the satisfaction of the office and also the fact of the death of the life assured. The former will be probate of will or letters of administration or if the policy has been dealt with the deed of assignment. Evidence of death is usually supplied by a registrar's certificate of death and a certificate from the medical attendant. If everything is in order the claim is usually paid immediately. If the policy has been assigned the deed is retained by the office if it relates to the policy only but when other property has also been included in the assignment the office will return the deed to the assignee on his signing an undertaking to produce it to the office whenever he is requested to do so.

Under the provisions of the Married Women's Property Act of 1882 a married woman may effect a policy on her own life for the benefit of herself

PROPOSAL FOR INSURANCE IN THE ..... LIFE INSURANCE  
SOCIETY

- 1 Name, Residence, and Profession of person making the proposal for insurance
- 2 Place and date of birth Age next birthday
- 3 Reference to two private friends (not near relatives or persons interested in the proposed insurance) to ascertain general and present state of health
- 4 Reference to present Medical Attendant for like purpose
- 5 If any other medical attendance has been required, state from whom, and when
- 6 Have you ever resided beyond the limits of Europe? If so, when and where, and did your health suffer? Have you any prospect or intention of going beyond the limits of Europe? If so, where?
- 7 Has your life ever been proposed before to this or any other office? If so, name the offices and dates, and state whether the proposals were accepted at the ordinary or at an increased premium, or declined or withdrawn.
- 8 Is your life now being proposed to any other office or offices? If so, name them
- 9 Sum to be assured £
- 10 Term for which the assurance is proposed, and whether With or Without Profits
- 11 Whether premium to be payable for life, or for what period? and whether by annual, half annual, or quarterly premiums?
- 12 Amount of premium £

## DECLARATION

Being desirous of becoming a member of the . . . . . Life Insurance Society, for the insurance specified in the above proposal, I declare that the foregoing answers are true, and I agree that they and the answers given, or to be given, to the separate questions put by the medical officer acting on behalf of the Society (all of which answers shall be held as incorporated in this Declaration) shall form the basis of the Contract of insurance between me and the Society, and I accede to the constitution, laws, and regulations of the Society.

(Signature) . . . . .

(Date) . . . . .

The life is medically examined, and the proposal and medical report are considered together by the directors of the company. If the proposal is accepted, the "policy," which is the evidence of the contract, is prepared and forwarded to the local representative, to be handed to the assured on payment of the first premium, if this has not already been paid.

The proposal is the basis of the contract, and the questions thereon and those put by the medical officer must be answered by the proposer in the utmost good faith. A wrong answer on any material point, such as the state of health, or habits, or family history, would render the policy voidable by the office (See declaration attached to proposal).

The wording of the policies issued by different offices varies considerably. A concise form of whole life policy is given on page 943.

The conditions under which policies are issued have been gradually liberalised, and at the present time the payment of the premium, when due, is practically the only condition imposed in ordinary cases by many companies. In the old days of life insurance a mere trip to the Continent was deemed sufficient reason for charging an extra premium, but now most policies are made "world-wide," either at date of issue or after twelve months have expired, if the assured at the time of making the proposal had no intention of going abroad. Lives engaged in the Navy or Mercantile Marine are still charged an extra premium by many offices, as are persons engaged in certain trades, those connected with the sale or manufacture of intoxicating liquors being charged from 10s to £2 per cent per annum on account of the heavy mortality experienced by this class. Female lives are often charged a small sum extra, usually 5s per cent per annum, on account of the risks of child-bearing.

If the premium is not paid on the due date, the

policy does not immediately "lapse" or become void. The company usually allows the following month, which period is called the "days of grace," for payment; and if death takes place within the days of grace before the premium is paid, the sum assured, less the due premium, is payable to the assured's representatives or assigns. If the days of grace expire and the premium remains unpaid the policy lapses, but the custom with most offices is to allow the "revival," or reinstatement, of the policy within twelve months after the due date of the unpaid premium, if the life is in good health, on payment of the arrears of premium, together with interest thereon.

A policy under the ordinary forms of insurance acquires a "surrender value" when two or three years' premiums have been paid, that is, the office will pay a certain sum in cash to the assured if he wishes to abandon the policy (see ante). The existence of this available cash, which grows in amount with the duration of the policy, is utilised in various ways for the benefit of the assured who is unable to pay a premium when due. The office will grant a loan on security of the policy within the surrender value, to enable the assured to pay the premium, this procedure being automatic with some offices, if application is not made by the assured; or, in some cases, it will grant either extended insurance for the full sum assured for a limited term of years without payment of any further premiums, or a reduced insurance for the whole duration of the original contract, similarly free from premiums. The latter is called a "free policy." Under an endowment insurance, the free policy that is granted on the discontinuance of the premium is usually that proportion of the sum assured which the number of premiums paid bears to the total number payable, the declared bonuses being added thereto. Thus, under a twenty-year endowment



her children, her husband, or her husband and children. Also, she may effect a policy on the life of her husband for her own benefit. A husband may effect a policy on his own life for the benefit of his wife, or children or wife and children. Each policy so effected creates a trust in favour of the purposes named in it, and will not, so long as any purpose of the trust remains unperformed, form part of the estate of the assured or be subject to his or her debts. Consequently, such policies are protected against creditors in the event of the subsequent bankruptcy or death of the assured, if the assured was solvent at the time the policy was effected, but if it can be proved that the policy was effected and the premiums paid with intent to defraud the creditors of the assured, they are entitled to receive out of the moneys payable under the policy a sum equal to the premiums so paid. The assured may by the policy, or by any memorandum under his or her hand, appoint trustees of the moneys payable under the policy, and in default of such appointment the policy vests in the assured or his or her representatives in trust for the purposes expressed. The Act of 1882 applies to England only, but under the Married Women's Policies of Assurance (Scotland) Act of 1880 similar policies can be effected in Scotland.

In making the annual return of income to the income tax authorities, a man is entitled to claim exemption from tax on premiums paid for insurances on the life of himself or his wife to the extent of one-sixth of his income. This privilege further increases the remunerative nature of endowment insurance as an investment, since the tax so saved may be quite legitimately regarded as a reduction in the premium payable.

Of late years, many offices have commenced the issue of policies for payment of estate duty, which by the Finance Act of 1894 is levied upon the principal value of all property—real and personal—which passes on the death of any person. Executors frequently find it difficult to raise the required money for the purpose of paying the duty, and it is accordingly very advantageous for a life policy to be included in the estate expressed as payable direct to the Inland Revenue authorities in discharge of the duty, immediately after the death has occurred. Such policies are issued at the usual rates of premium for whole life insurances, and the power of the assured to charge or assign the policy during his lifetime is not in any way affected.

The premiums published in the prospectuses of life offices refer to "first-class" lives only. If a life proposed for insurance does not come under this category, the office has the two alternatives of declining the business or accepting it on such terms as are equitable; and, in the latter case, the conditions imposed are various. In some instances the medical examiner will estimate that the life is as good as an average individual aged, say, ten years older, and the true age is accordingly "rated up" that number of years and the corresponding premium charged. In other cases, the sum assured may be made to begin at a low figure, and gradually increase by a stated amount, so that those who connect life survives, until the full sum, or intoxicating liquor, the assured paying the full premium, 2 per cent per annum. If a life cannot be regarded as having experienced light mortality, it is considered insurable, and often charged a small issue of a whole life policy, 2 per cent per annum, on the basis of an endowment-bearing term, because a sum not paid on the due date, the

for the same sum assured, which provides an extra premium for the temporary life insurance, and, if the life survives to the end of the term, the payment of the sum assured, then puts the assured on the same footing as a first-class life assured under the same form of policy.

A few offices confine their policyholders to members of a certain class. One office accepts only past and present members of the Society of Friends, and their connections by marriage, descent, or partnership in business. Another office restricts its membership to the clergy, their relatives, and connections. It is frequently stated that abstainers from intoxicating liquors, as a class, are subject to lighter rates of mortality than non-abstainers; and a few offices have a special section for abstainers, the benefit from any lighter mortality that may be experienced being given to the policyholders in the section in the form of an additional bonus. In one office of this description policies in the abstainers' and non-abstainers' sections received a compound bonus of £2 2s and £1 15s per cent respectively under whole-life policies, and £2 and £1 18s per cent respectively under endowment insurance policies, at the last valuation. The mortality experienced by this office in its two sections, separately, from 1811 to 1891, has been investigated by its actuary, and his conclusions were that the abstainers showed a marked superiority to the non-abstainers throughout the entire working period of life for each class of policy, and for both sexes, and that this superiority had not been brought about by any relaxation of conditions of admittance to the non-abstainers' section as compared with the abstainers'. At all ages the average future lifetime of the abstainers was greater than that of the non-abstainers, the excess being as much as 10 per cent at ages 30, 40, and 50. A full account of the investigation is given in the *Journal of the Institute of Actuaries*, vol. xxxviii, p. 213.

Several life insurance companies offer facilities to people who desire to acquire house property but have not the necessary capital to enable them to purchase outright. The method pursued is for the company to lend from 70 to 80 per cent of the value of property approved by them, on mortgage, the borrower finding the balance of the purchase money, and also effecting an endowment insurance policy for a term of from fifteen to twenty-five years on his own life for the amount lent. The result is that if the mortgagor dies at any time within the endowment term, the amount due under the policy is sufficient to repay the mortgage debt, thus relieving his representative of any liability. Often the property concerned is the dwelling-house of the mortgagor, and in such a case his family is ensured a home free from payment of any rent in the event of his decease. If the mortgagor survives to the end of the endowment term, the policy moneys are then available to repay the debt, and the house becomes his property free from any encumbrance. The cost of the policy is borne by the mortgagor, and the total yearly payment is frequently not otherwise be paid in rent and ground rent all interest is frequently not paid, the company has property, the cost of which is borne by the borrower. The leg-

charges incidental to the mortgage and investigation of title are either paid in one sum by the mortgagor or spread over a term of years.

It is not essential that the whole loan should remain unpaid until death or the end of the term. Usually the mortgagor is entitled to repay sums of not less than about 1/8 at any day on which interest falls due. The future half yearly or quarterly interest payment being reduced accordingly. If this is done there is a balance due to the mortgagor or his representatives when the amount assured under the policy becomes payable.

The policy is deposited with the company as collateral security and so long as any part of the loan remains unpaid the company has a charge on the policy and may apply the surrender value towards payment of accrued interest or in reduction of the loan.

**Life Annuities.** If a person desires to obtain the largest amount of annual income from the investment of a certain amount of capital a life annuity should be purchased since the annual interest earned on the capital is supplemented by a portion of capital each year. An individual could not carry out a single transaction of this nature as the exact length of a life cannot be foretold and consequently the capital might either be exhausted before death took place or there might be a balance still remaining unused at death. A life office however which carries out many such transactions is able to arrange so that on the average there is neither surplus nor deficiency by basing its charges for annuities on the recorded past mortality experience of offices under annuity contract. The older the annuitant is when the annuity is purchased the smaller is the average future lifetime and consequently an office can afford to grant a higher annual payment for each £100 of purchase money as the age at purchase increases.

The rates charged for life annuities are specified separately for males and females since it is found that female annuitants live longer than male and therefore, as large an annuity cannot be granted to a female as to a male of the same age for the same purchase money.

Life annuities are usually paid half yearly and may be either immediate or deferred. The first instalment under an immediate annuity is payable six months after purchase (in the case of half yearly instalments) but the first payment under a deferred annuity does not become due until the annuitant attains a certain age as 50, 60 or 65. Such annuities are of the nature of a provision for old age and may be paid for either by a single premium at issue or by yearly premiums running from entry up to the attainment of the age at which the annuity is to commence. In annuity of course never becomes payable, and in such a case the single payment or yearly premiums office as arranged at the outset the charges under the former plan being somewhat higher than under the latter.

In all cases provided if annuity has commenced it only terminates with the death of the annuitant and the final instalment is sometimes the one which either immediately precedes the death but in other cases a proportional part of the instalment for the current half year (or other period) up to the date of death is payable. Unless otherwise specified the latter course is followed.

There are three forms of immediate annuity offered to the public: (1) The ordinary form running either cash (2) as (1) but with the additional benefit of a return of a portion of the purchase money (generally half) if death takes place within a certain period from date of purchase as five years (3) as (1) but with a guarantee that the amount payable under the annuity by way of instalments shall not fall short of the purchase money. Thus, if £100 is paid for an annuity of £100 and the annuitant dies within ten years payments have been made the office will continue the annuity for six more years to his representative thus returning the whole £100. If the annuitant lives until the whole of the purchase money has been returned by the office the annuity of course does not cease, but continues until death, whatever that may happen.

The annual payment secured by a fixed sum is greater under (1) than under (2) and (3) or under (2) than under (3), so that if the annuitant's income possible is desired for a certain amount of principal invested Form (1) should be chosen but if the idea of making a large sum with the possibility of only receiving a comparatively small amount back in the event of early death is desirable then Form (2) or (3) may be adopted.

Life annuities of Form (1) cannot generally be abandoned to the office for a cash payment since if this was allowed the tendency would be for the annuitants in a bad state of health to surrender the good lives continuing their annuities and the office would in the main be buying back annuities a large proportion of which would cease naturally in the course of a short time. Annuities under Forms (2) and (3) can usually be surrendered for cash during the preliminary period as can deferred annuities under which the premiums paid are returnable in the event of death before the annuity age is reached but the non-returnable form does not carry the right to a cash surrender.

Specimen values of the premiums for an annuity of £10 are given (See page 946).

**3 ENDOWMENT INSURANCE.** An endowment insurance is a life insurance contract under which the sum assured is payable at the expiration of a fixed term of years or at the previous death of the life assured. An endowment insurance policy may assume either of two slightly different forms. It may be expressed as payable at the expiration of a named term of years or at previous death or it may provide for payment of the sum assured on the attainment of a certain age or at previous death. The first form is the more modern and it abolishes certain anomalies which exist under the older plan. For example under the payable at age form, if two policyholders one aged 29 years and 1 month and the other aged 29 years and 11 months each effect a policy payable at age 45 say they will both pay the same annual premium viz that for age 30 next birthday but the first will have to wait for 15 years and 11 months before the policy becomes a claim by the survival of the life to the specified age, while the second will have to wait for 15 years and 1 month only although he is the older life and the insurance company has under him rather more risk of death within the term in his case than in the former and strictly should have charged a lower premium on that account. A further source of dissatisfaction to policyholders is the fact that if the annual premium are payable in cash at maturity of the contract on it

Age at Issue	MALES						FEMALES					
	Immediate Annuity			Deferred Annuity, commencing at 60			Immediate Annuity			Deferred Annuity, commencing at 60		
	Form (1)	Form (2) 1	Form (3)	"With Return"			Form (1)	Form (2) 1	Form (3)	"With Return"		
	Single Premium, or Purchase Money			Single Premium	Yearly Premium	Yearly Premium	Single Premium, or Purchase Money			Single Premium	Yearly Premium	Yearly Premium
	£	s	d	£	s	d	£	s	d	£	s	d
40	130	139	203	60	4	0	130	135	209	70	4	0
50	150	158	171	86	8	17	160	167	181	101	9	18
60	115	124	143	—	—	—	130	135	150	—	—	—

\* Half the purchase money returned if death occurs within five years of date of purchase

the policy becomes a claim, the final yearly premium payable only appears to cover a period of anything from a few days upwards, according to the interval of time elapsing from the anniversary of the contract to the birthday of the life assured. To remedy these inconsistencies, many companies which issue "payable at age" policies now state that the sum assured shall be payable on the anniversary of the contract which immediately precedes the attainment of the specified age, and that the number of yearly premiums payable shall be limited to the difference between the age next birthday at entry and the age at which the policy becomes a claim by survival of the life. For example, in both the cases previously mentioned, the policy would run for fifteen years, and fifteen yearly premiums would be payable.

The endowment insurance policy has pushed its way to the front in a very remarkable manner in recent years, as is shown by the following figures, which are extracted from the Returns to the Board of Trade by Life Insurance Companies—

Blue Book published in	Existing Endowment Insurances	Total Insurances Existing	Percentage of Endowment Insurances to Total Insurances
1888	25,980,743	421,061,768	6.2
1891	35,866,867	443,362,228	8.1
1896	85,144,665	529,184,344	16.1
1901	141,982,454	616,911,783	23.0
1906	205,548,656	697,627,128	29.5
1911	269,395,014	782,198,531	34.4

The above figures are merely approximations to the amounts of the insurances existing in the years specified, as they are based on returns deposited mainly during the preceding five years.

When the subject is considered, this great development can be explained very easily. The whole life insurance, which previously held the field, necessitates the payment of premiums right up to death, at however advanced an age that may occur, and these payments are frequently found very burdensome when the assured is advanced in years, accordingly it was felt that the payment of the sum assured at a time when the productive powers of the assured were declining would be beneficial in a twofold manner—the payment of the premiums would thereby cease, and the assured would receive the money due under the policy at a time when it was required. This explains the issue of policies payable at age 60 or 65. Many policies, however, are issued payable in 10, 15, or 20 years' time, and these are effected chiefly on account of the investment element contained in such insurances. In many instances, a sum of money payable in 10, 15, or 20 years has to be provided for, and in the event of decease before the expiration of the term, it is often desirable that the money should be immediately available. An endowment insurance policy exactly supplies this need. For example, suppose a man to buy a house, borrowing, say, 75 per cent of the value of the property on mortgage. If he takes out an endowment insurance policy on his life for the amount borrowed, payable,

say in 20 years or at his previous death then if he survives to the end of the 20 years the sum assured will pay off the mortgage while should he die at any time within the term the sum assured will in like manner be available to repay the debt and the property will then be left unencumbered to his family.

The practical aspects of an endowment insurance policy having been considered it may now be analysed into its component parts. It has been seen that such a policy secures a sum of money payable on the happening of either of two contingencies—(1) the survival of the life insured to the end of the term of years selected or (2) his death within the term. An endowment insurance is therefore really a compound of two separate insurances: (1) A pure endowment (payable only on survival of the term) and (2) a temporary insurance (payable only on death within the term). Both these classes of insurance can be taken advantage of separately but neither has attained anything like the immense vogue of the endowment insurance. The following table shows this division of the endowment insurance premium into temporary insurance premium and pure endowment premium for several typical cases and also the premiums for a whole life insurance. The values given are net that is before any additions for expenses or fluctuations in interest or mortality have been made—

Net Yearly Premiums for an Insurance of £100  
His Table of Mortality Interest 3 per cent

Age at Entry	Endowment Insurance payable in 15 years.			Whole Life Insurance
	Premium	(1) Pure Endowment Portion	(2) Temporary Insurance Portion	
20	5 585	4 891	694	1 427
30	5 685	4 745	940	1 850
40	5 873	4 558	1 315	2 589

Endowment Insurance payable in 30 years.				
Age at Entry	Premium	(1) Pure Endowment Portion	(2) Temporary Insurance Portion	Whole Life Insurance
20	2 511	1 602	829	1 477
30	2 694	1 413	1 181	1 840
40	3 070	1 142	1 928	2 999

The first thing to be noticed is that if the term is fixed an increase in the age at entry has the effect of increasing the temporary insurance portion of the premium but it decreases the pure endowment portion. The explanation is quite simple. The older the life the greater is the chance of death within a given term of years, and the more is the chance of living to the end of the term. Hence the cost of insurance for the term increases with the age, but the cost of providing a sum payable only if the term is survived falls. The net effect of these two movements is opposite since this is that the "net" premium increases with the age but on average not with the whole life

premiums it will be noticed that the proportion increase is much smaller. The fact that the vitality of the life assured as expressed by the attained age has not such a marked effect on the endowment insurance premium as on the whole life premium enables insurance offices sometimes to a cep live under the endowment insurance plan which would not have been accepted under the whole life plan without the imposition of an extra premium. This is also the case where the medical examination of the family history reveals an undue likelihood of fatal disease attacking the party during the later years of life. For example, if there was a family history of cancer an office would hesitate to grant a whole life insurance to a man aged 25 or 30 at normal rates but a proposal for a 10 or 15 year endowment insurance might be accepted without any extra premium being imposed because cancer is a disease which in a great degree confines its attacks to the later years of life and the endowment insurance policy would have passed off the company's books before the life entered on the specially dangerous period of his life. When the life is judged to be specially susceptible to a disease of early life such as pulmonary tuberculosis it will not be safe for the office to accept him under the endowment insurance plan without a substantial extra premium or alternatively the sum insured may be made to commence at a low figure and gradually increase year by year until the full sum assured is reached at the end of the term, the full premium for the maximum sum insured being payable during the entire period of the insurance.

The endowment insurance contract will now be examined from the point of view of the insured. The first questions a person usually asks when the subject of life insurance is brought before his notice relate to the amount of premium he will have to pay and the benefits secured to him by payment of such premium. Endowment insurance premiums of course increase with the age if the term is fixed and diminish as the term increases if the age is fixed. Also a policy may be taken either on the with or the without profits plan the premiums in the former case being a little larger than in the latter in consideration of the right of the policyholder to share in the profits of the insurance company. These profits are generally allotted to the policyholder not in cash but in the form of an addition to the sum assured or let the policyholder thus has the satisfaction of seeing the amount payable under the policy gradually growing. In a good company the profits are known as they are usually termed may be 11 1/2% or more per cent per annum on the sum assured, so that a 30 year with profit policy of £1 000 may have increased to £1 400 or more when the time for payment arrives. Premiums of year premiums for an endowment insurance of £100 are given in page 945, and the whole life premiums are also given in the same page. There are average samples of the rates for life insurance companies given in the same page.

If the assured wishes to obtain the maximum amount of cover from the beginning for a fixed annual expenditure in premiums then a policy "with profits" may be taken as a rule it is not premium per cent is smaller than for the "with profits" form but the profit is smaller it is more probable to be taken than the "with profits" plan than the "without profits" plan, where a policy may have the value of the extra premium paid is more than





of division being the mode of payment of the premium. In one class the premiums are payable either yearly, half-yearly or quarterly in the other they are payable weekly. Policies in the former class are termed Ordinary insurances and in the latter Industrial insurances. Industrial insurance can be shortly described as insurance for the masses as will be evident when it is mentioned that the average weekly premium is 2d and the average amount assured per policy £10. The average amount assured per ordinary policy is about £300.

The main portion of the business of industrial life insurance is carried on in Great Britain by about fourteen companies who conduct their operations by the aid of a huge army of agents, superintendents and inspectors. Taking for example a single large company the whole of the country is mapped out into divisions each in charge of an inspector and each division is divided into many districts each having at its head a superintendent who may have several assistant-superintendents under him. Under the superintendents are the agents whose business it is to procure new policyholders and to collect the premiums on existing policies. The chief office of the company holds supreme control over all the field and weekly accounts of the receipts and payments are forwarded to it. Proposals for new insurances are also submitted to the chief office and all new policies are issued therefrom.

The tables of rates for insurance are usually published on the basis of so much sum assured for 1d 2d 3d or 4d per week graduated according to the age at entry of the life assured and a characteristic feature is that the assured does not come into the full benefit of the insurance until a certain period generally six months has elapsed. A typical case is where one-quarter of the sum assured is paid if death occurs in the first three months half if death takes place in the second three months and the full amount if death occurs after six months have expired. This condition is due to the fact that it is not practicable to examine medically all the lives. A report by an official of the company being relied on in most cases. It is usually provided that the full sum assured shall be paid if death occurs by accident happening at any time after the issue of the policy.

The premium tables published are divided into

infantile and adult. Under the former children of any age under 10 can be assured the adult tables applying to lives over age 10. A specimen of an infantile table is given below the premium being 1d weekly. It will be observed that the sum payable at death increases with the duration of the policy, but in no case is the amount payable under age five years more than £6 or more than £10 under age 10 years. These sums are fixed by law as the maximum amounts payable at death under the ages mentioned. (See Section 62 of the Friendly Societies Act of 1896 which applies to industrial insurance companies.)

A specimen of an adult whole life insurance table is given below—

#### Adult Whole Life Insurance

*Policy purchased by Weekly Premium of 1d. Quarter benefit for first three months, half benefit thereafter till end of six months, full benefit thereafter.*

Age next Birth day	Policy payable at Death only		
	After 6 months	After 5 years	After 10 years
11	£ 10 6	£ 10 10	£ 10 15
12	£ 10 4	£ 10 9	£ 10 14
13	£ 10 3	£ 10 7	£ 10 12
14	£ 10 1	£ 10 6	£ 10 11
15	£ 9 15	£ 10 0	£ 10 5
16	£ 9 10	£ 9 15	£ 10 0
17	£ 9 5	£ 9 10	£ 9 15
18	£ 9 1	£ 9 6	£ 9 10
19	£ 8 15	£ 9 0	£ 9 4
20	£ 8 10	£ 8 14	£ 8 18
30	£ 6 8	£ 6 8	£ 6 11
40	£ 4 10	£ 4 12	£ 4 15
50	£ 3 1	£ 3 3	£ 3 4
60	£ 1 19	£ 2 0	£ 2 1
70	£ 1 3	£ 1 4	£ 1 5
71	£ 1 2	£ 1 3	£ 1 3
72	£ 1 0	£ 1 0	£ 1 1
73	£ 0 19	£ 1 0	£ 1 0
74	£ 0 18	£ 0 19	£ 0 19
75	£ 0 17	£ 0 18	£ 0 18

#### Infantile Whole Life Insurance

*Sums payable at Death for Weekly Premium of 1d. No higher Premium taken.*

Age next Birthday at entry	Amount payable at Death when Policy has endured.									
	3 months	6 months	1 year	2 years	3 years	4 years	5 years	6 years	7 years	10 years
1	£ 1 10	£ 2 10	£ 3 0	£ 3 10	£ 4 0	£ 4 10	£ 5 0	£ 6 0	£ 7 10	£ 8 0
2	£ 1 13	£ 3 0	£ 3 10	£ 4 0	£ 4 10	£ 5 0	£ 6 0	£ 7 10	£ 8 0	£ 9 10
3	£ 2 0	£ 3 10	£ 4 0	£ 4 10	£ 5 0	£ 6 0	£ 7 10	£ 8 0	£ 9 10	£ 10 0
4	£ 2 5	£ 4 0	£ 4 10	£ 5 0	£ 6 0	£ 7 10	£ 8 0	£ 9 10	£ 10 0	
5	£ 2 10	£ 4 10	£ 5 0	£ 6 0	£ 7 10	£ 8 0	£ 9 10	£ 10 0		
6	£ 3 0	£ 5 0	£ 6 0	£ 7 10	£ 8 0	£ 9 10	£ 10 0			
7	£ 3 10	£ 5 10	£ 6 10	£ 8 0	£ 9 10	£ 10 0				
8	£ 4 0	£ 6 0	£ 7 0	£ 8 10	£ 9 10	£ 10 0				
9	£ 4 10	£ 7 0	£ 8 10	£ 9 10	£ 10 0					
10	£ 5 0	£ 8 0	£ 9 10	£ 10 0						

£10 10s at death between ages 16 and 21 and £10 15s at death of or over age 21

Age at Entry	WITH PROFITS				WITHOUT PROFITS.			
	Endowment Insurance, payable in			Whole Life Insurance	Endowment Insurance, payable in			Whole Life Insurance
	15 years	25 years	35 years		15 years	25 years	35 years	
21	£ 6 17 6	£ 3 15 9	£ 2 13 6	£ 1 18 0	£ 6 5 5	£ 3 8 9	£ 2 6 11	£ 1 13 9
30	7 0 1	3 18 7	2 18 10	2 8 11	6 7 9	3 10 0	2 10 10	2 2 0
40	7 4 0	4 6 3	—	3 5 0	6 11 4	3 16 7	—	2 16 0

returned to the assured by the bonuses added to the policy. Fuller information on the subject of bonuses and their distribution will be found in the article under that heading.

That a "with profit" insurance can be regarded as a profitable investment, as well as a protection in case of premature death and a provision for later life is demonstrated by the following table, which shows the progress of the sum assured plus bonuses and the accumulation of the premiums paid at interest. It will be seen that at the end of the term the sum assured, together with the added bonuses, returns to the policyholder the premiums he has paid, accumulated at  $2\frac{1}{2}$  per cent compound interest, thus giving quite as good a result as if the premiums had been banked, while, what is most important, the full sum assured and added bonuses would have been payable had death occurred at any time within the term, even immediately after payment of the first premium.

Life aged 30 at entry. Sum Assured, £100. Yearly Premium, £3 18s. 7d. Sum Assured, with accrued Bonuses, payable at end of 25 years or at previous death. Rate of Bonus, £1 12s. per cent. per annum.

Years elapsed since commencement.	Sum Assured, plus accrued Bonuses, payable if the life die	Accumulation of the Premiums paid at $2\frac{1}{2}$ % compound interest
3	£ 104 16 0	£ 12 8 4
5	108 0 0	21 4 11
10	116 0 0	45 8 8
15	124 0 0	72 19 4
20	132 0 0	104 6 1
25	140 0 0	
	payable if the life survive 25 years	139 19 7

A further development of the investment element in life insurance has resulted in the double endowment insurance, under which twice the sum payable at death within the selected term is payable if the life insured survives to the end of the term. For example, if the sum payable at death within a term of 15 years is £1,000, the amount due if the life is

existing at the end of the term will be £2,000. It is a curious fact that for a given term of years the net or mathematical premiums are very nearly the same for all ages at entry, and, accordingly, many life offices charge the same premium to all lives who select the same term, from the youngest age up to the oldest taken under the table. The fact of this close uniformity in the premiums will be apparent if the table given above, showing the separate premiums for a pure endowment of £100 and a temporary insurance of £100 is referred to. Taking term 15 years, if the pure endowment premium for £100 is doubled, and added to the temporary insurance premium for £100, the following double endowment insurance premiums will be obtained: For age 20, 10 47s. 6d.; for age 30, 10 47s. 0d.; for age 40, 10 43s. 1d., so that the net premiums actually decrease slightly as the age increases. For term 30 years, the premiums are: For age 20, 4 21s. 3d.; for age 30, 4 20s. 7d.; for age 40, 4 21s. 2d. Owing to this peculiarity, the scheme is specially suitable for under-average lives, who may often be accepted thereunder without extra premium.

The practice of giving a proportionate paid-up policy in the event of the assured discontinuing payment of premiums has undoubtedly contributed a great deal to the popularity of the endowment insurance. Under this system, generally after three years' premiums have been paid, the office will grant a new policy free from all premiums, in the event of discontinuance of the original policy, the new sum assured being that proportion of the original sum assured which the number of years' premiums paid bears to the total number payable. If the original policy was taken out "with profits," the bonuses accrued up to date of discontinuance are added. For example, suppose a £1,000 "with profits" policy to have been taken out, payable in 25 years or at previous death, and when eight yearly premiums have been paid the insured does not desire to continue the contract. He will be able to take a paid-up policy for  $\frac{8}{25}$  of £1,000, to which will be added the bonuses which have been apportioned to the policy. The new policy does not generally participate in future declarations of profit. Each premium paid, therefore, absolutely secures an equal portion of the sum assured to the policyholder, and accordingly endowment insurance policies are often described as "non-forfeitable."

4 INDUSTRIAL INSURANCE. Life insurance may be divided into two broad classes, which are in many features entirely dissimilar, the basis

assignment upon payment of a fee not exceeding five shillings

The importance of giving notice to the company is thus very evident, since an assignee who omitted to give notice and who also neglected to obtain the policy would find himself postponed in favour of a second assignee who had acquired the policy in a *bona fide* manner and given notice of the transaction to the insurance company. Of course the assignor would be acting fraudulently in disposing of the policy a second time.

Instead of disposing of his policy absolutely, the assured may assign it by way of mortgage. That is he may borrow money, and assign the policy to the lender as security, but reserve the right to have it reassigned to him on his repaying the debt with the interest due. This right to a reassignment is called the equity of redemption, and any condition in the mortgage deed intended to defeat the right of the mortgagor to redemption of the policy on the debt being duly discharged is void.

Notice of the mortgage should be given to the insurance company as in the case of an absolute assignment.

There is a less formal mode of mortgaging a policy known as an equitable mortgage under which the assured merely deposits the policy with the creditor accompanied it may be by a letter of charge or an agreement to execute a proper mortgage if called upon to do so. Most insurance companies grant loans on security of their policies within the surrender value and instead of a mortgage by deed being executed the assured deposits the policy with the company and signs an agreement setting forth the object of the deposit. The companies apparently not thinking it necessary to put the assured to the expense of the more formal document. On repayment of the loan the assured is given a receipt for the money and the policy is handed back to him.

A life policy is often found very useful as collateral security in the case of a loan. A bank for example may have the utmost faith in the probity and financial soundness of a trader and be prepared to allow him overdrafts confident that while he is alive its security is ample. In the case of his death however the business might dwindle and the bank's security vanish and to meet this possibility it is often required that a life policy shall be deposited with the bank while the overdraft continues. It is not the cash surrender value of the policy which is looked upon as the important thing, it is the sum assured out of which the bank could regroup itself in the event of the customer's death whilst indebted to it.

When a policy is mortgaged the mortgagor continues to pay the premiums and the mortgagee has certain powers reserved to him in the event of the mortgagor making default in such payment.

**6 DISTRIBUTION OF LIFE INSURANCE PROFITS OR BONUSES.** The policies granted by most insurance companies fall into two main classes. They are either with profits or without profits. Under the former class the premiums are higher than in the latter in consideration of the right of the policyholder to share in the profits of the company, a privilege which is denied to the holders of without profit policies. The profits are determined by a valuation of the assets and liabilities of the company (for details see under this article—*Life Insurance*) and the portion which is declared divisible among the participating

policy holders is allotted to the policies usually in one of four ways:—

(1) As a uniform percentage for each year since the previous valuation calculated on and added to the original sum assured.

(2) As a uniform percentage for each year since the previous valuation calculated on and added to the original sum assured plus existing bonuses.

(3) In reduction of future premiums either for a fixed number of years as 5 or 7 or for the whole future existence of the policy.

(4) As a payment in cash.

Methods (1) and (2) both have the title of *reversionary bonus* since the amount of bonus allotted to a policy is not payable immediately but in the future along with the sum assured. They are respectively distinguished by the names *simple* and *compound*. If two companies both declare a reversionary bonus of say £1 10s per cent per annum on their 'with profit' policies but the first is *simple* and the second *compound* it is obvious that if two similar 'with profit' policies are effected with the two companies the bonuses on the second policy from and after the second division of profits will outstrip those on the first.

The following table shows the progression of the sum assured and added bonuses assuming a reversionary bonus at the rate of £1 10s per cent per annum to be allotted every five years—

Original Sum Assured £1,000

Years elapsed	Simple Plan	Compound Plan
5	1 075	1 075
10	1 150	1 156
20	1 300	1 335
30	1 450	1 543
40	1 600	1 783

If the premiums and other circumstances are equal it is evident that the second policy gives the better return to the policyholder.

Methods (3) and (4) are practised by a very small number of offices as the natural mode of allotting the profits but they are offered as alternative options by practically all companies which divide their profits originally by either method (1) or (2). The temporary or permanent reduction in the premium allowed for a given amount of reversionary bonus varies with the attained age of the life and the class of policy as also does the cash allowed. The older the life and the shorter the unexpired term of the policy the larger is the reduction in premium or single cash payment that can be granted. The following table indicates these alternatives in respect of a reversionary bonus of £1 10s.

Whole Life Insurance

Attained Age	30	40	50	60	70
	s d	s d	s d	s d	s d
Cash allowed	9 0	11 3	14 3	17 11	1 1 6
Permanent Reduction in Premium	0 6	0 9	1 0	1 9	0 7 0

The amounts shown in the column headed "After 6 months" are the "full benefit" sums assured, one-quarter or one-half being payable only if the life dies in the first three or second three months respectively. It will be noticed that the full benefit sums assured are increased after five years and further increased after ten years.

In addition to the whole life plan, the industrial companies offer endowment insurance contracts, both infantile and adult, under which the sum assured is payable at the end of a fixed number of years, or at previous death. Joint life policies, under which the sum assured is payable at the first death of two lives, as husband and wife, are also issued.

Though this form of insurance is more expensive to the policyholder than the ordinary plan, on account of the organisation necessary for the collection of the premiums, it evidently meets the requirements of a large section of the public, especially that portion whose finances are regulated on a weekly basis many of whom would find it well-nigh impossible to accumulate a yearly premium, or even a quarterly one, owing to the continuous demands on a very limited purse. The weekly call of the industrial insurance agent, which is usually made to synchronise as closely as possible with the receipt of the wage by the policyholder, abolishes the necessity for saving up the premium, and the small payment becomes looked upon as one of the week's regular and necessary expenses. The statistics of industrial life insurance are a striking tribute to the providence and foresight of the working classes of this country, and bear testimony to the almost universal desire among this section of the community that when death comes the money necessary to ensure a decent interment should be forthcoming.

The following table illustrates the progress of industrial life insurance during the last twenty-five years—

Board of Trade Return published in	Accumulated Funds	Year's Claims	Year's Premium Income
1886	3,702,510	1,250,250	3,289,181
1891	8,259,058	1,928,406	4,853,735
1896	13,290,052	2,418,754	6,382,927
1901	20,034,162	3,410,642	8,422,577
1906	29,389,579	4,255,966	11,093,268
1911	42,930,089	5,855,747	14,127,016

The history of industrial insurance shows a gradual liberalising of the conditions of insurance and the premiums charged. At the beginning the field was so unexplored that great caution had to be exercised in fixing the rates, but as experience has shown it to be safe, premiums have been decreased—or, what is the same thing, sums assured have been increased—from time to time, policy conditions have been broadened, and a system of granting free policies for a reduced amount inaugurated, in cases where the policyholder is unable to continue paying the premiums. One company alone has 1,600,000 of these free policies existing on its books. The latest concession

to industrial policyholders is the privilege of sharing in the profits made by the company. Under one scheme, when death occurs, the sum assured is increased by a certain percentage increasing with the duration of the policy. Thus, for example, 5 per cent may be added if the policy has been at least five years in force, 10 per cent if at least ten years in force, and so on. Of late years the companies have put forward tables of sums assured which can be secured by the payment of monthly premiums, the reduction in the number of calls by the agent for the premium enabling them to increase substantially the sums assured. Thus, where 4d per week assures £30, 1s 4d per month assures £33 16s, which represents a considerable advantage to the policyholder who is able to meet the larger payments at the more infrequent intervals.

**5. LIFE INSURANCE POLICIES AS SECURITIES.** When a certain number of premiums have been paid under a policy, usually three, but sometimes two, the company that granted the policy will pay a sum of money, called a cash surrender value, to the holder, in the event of the policy being discontinued by non-payment of the premiums. The cash surrender value increases in amount as more premiums are paid, and, consequently, when the stipulated number of years' premiums have been paid, the policy becomes a realisable asset increasing in value as time goes on. If the assured is unable to continue the payment of the premiums, or does not wish to do so, he can either dispose of the policy to the granting company, or sell it to a third party, and it is frequently to his advantage to do the latter, since a higher price can sometimes be obtained from a private individual than the company will pay as a cash surrender value.

The sale of a life policy to a third party is called an assignment, the seller is the assignor, and the purchaser the assignee. The deed sets forth that in consideration of the purchase money, the assignor assigns the policy and all moneys, benefits, and advantages thereunder to the assignee. It is signed by the assignor in the presence of a witness, who should add his signature, address, and description to the document. The deed must be stamped with the proper Revenue stamp either before execution or within thirty days after. The purchaser, of course, takes upon himself the duty of paying the future premiums.

The assignee's title to the policy is not perfected until he has given notice of the transaction to the company that granted the policy. The Policies of Assurance Act, 1867, says (Sect 3)—

"No assignment made after the passing of this Act of a policy of life assurance shall confer on the assignee therein named, his executors, administrators, or assigns, any right to sue for the amount of such policy, or the moneys assured or secured thereby, until a written notice of the date and purport of such assignment shall have been given to the assurance company liable under such policy, at their principal place of business for the time being . . . , and the date on which such notice shall be received shall regulate the priority of all claims under any assignment, and a payment *bond fide* made in respect of any policy by any assurance company before the date on which such notice shall have been received shall be as valid against the assignee giving such notice as if this Act had not been passed."

The Act further provides (Sect 6) that the company shall, if requested, acknowledge the notice of

assignment upon payment of a fee not exceeding five shillings.

The importance of giving notice to the company is thus very evident, since an assignee who omitted to give notice and who also neglected to obtain the policy would find himself postponed in favour of a second assignee who had acquired the policy in a *bona fide* manner and given notice of the transaction to the insurance company. Of course the assignor would be acting fraudulently in disposing of the policy a second time.

Instead of disposing of his policy absolutely, the assured may assign it by way of mortgage. That is he may borrow money, and assign the policy to the lender as security, but reserve the right to have it re-allocated to him on his repaying the debt with the interest due. This right to a re-assignment is called the equity of redemption, and any condition in the mortgage deed intended to defeat the right of the mortgagor to redemption of the policy on the debt being duly discharged is void.

Notice of the mortgage should be given to the insurance company, as in the case of an absolute assignment.

There is a less formal mode of mortgaging a policy known as an equitable mortgage under which the assured merely deposits the policy with the creditor accompanied it may be by a letter of charge or an agreement to execute a proper mortgage if called upon to do so. Most insurance companies grant loans on security of their policies within the surrender value and instead of a mortgage by deed being executed the assured deposits the policy with the company and signs an agreement setting forth the object of the deposit. The companies apparently not thinking it necessary to put the assured to the expense of the more formal document. On repayment of the loan the assured is given a receipt for the money and the policy is handed back to him.

A life policy is often found very useful as collateral security in the case of a loan. A bank for example may have the utmost faith in the probity and financial soundness of a trader and be prepared to allow him overdrafts confident that while he is alive its security is ample. In the case of his death however the business might dwindle and the bank's security vanish and to meet this possibility it is often required that a life policy shall be deposited with the bank while the overdraft continues. It is not the cash surrender value of the policy which is looked upon as the important thing, it is the sum assured out of which the bank could recover itself in the event of the customer's death whilst indebted to it.

When a policy is mortgaged the mortgagor continues to pay the premiums, and the mortgagee has certain powers reserved to him in the event of the mortgagor making default in his payment.

**8 DISTRIBUTION OF LIFE INSURANCE PROFITS OR BONUSES.** The policies granted by most insurance companies fall into two main classes. There are the "with profits" or "with out profits." In the former class, the premiums are higher than in the latter in compensation for the right of the policyholder to share in the profits of the company, a privilege which is denied to the holders of "without profit" policies. The profits are determined by a valuation of the assets and liabilities of the company (the details under this article—*Life Insurance*) and the portion which is declared divides among the participants.

Policy holders is allotted to the profits usually in one of four ways—

(1) As a uniform percentage for each year since the previous valuation calculated on and added to the original sum assured.

(2) As a uniform percentage for each year since the previous valuation calculated on and added to the original sum assured plus existing bonuses.

(3) In reduction of future premiums either for a fixed number of years as 5 or 10 or for the whole future existence of the policy.

(4) As a payment in cash.

Methods (1) and (2) both have the title of reversionary bonus since the amount of bonus allotted to a policy is not payable immediately but in the future along with the sum assured. They are respectively distinguished by the names simple and compound. If two companies both declare a reversionary bonus of say 2 1/2 per cent per annum on their "with profit" policies but the first is simple and the second compound it is obvious that if two similar "with profit" policies are effected with the two companies the bonuses on the second policy from and after the second division of profits will outstrip those on the first.

The following table shows the progression of the sum assured and added bonuses, assuming a reversionary bonus at the rate of 2 1/2 per cent per annum to be allotted every five years—

Original Sum Assured £1000		
Years elapsed	Simple Plan	Compound Plan
5	105	105
10	110	110
15	115	115
20	120	120
25	125	125
30	130	130
35	135	135
40	140	140

If the premiums and other circumstances are equal it is evident that the second policy gives the better return to the policyholder.

Methods (3) and (4) are practised by a very small number of offices as the initial mode of allotting the profits, but they are offered as alternative options by practically all companies with a view to the profits originally by either method (1) or (2). The temporary or permanent reduction in the premium owed for a given amount of cover, bonus or bonus varies with the attained age of the life and the class of policy, as also does the cash allowed. The older the life and the shorter the unexpired term of the policy the larger is the reduction in premium. A single cash payment that can be granted. The following table shows these alternatives in respect of a reversionary benefit of £100.

Whole Life Insurance							
Attained Age	30	40	50	60	70	80	90
Cash at death	90	85	80	75	70	65	60
Permanent life or term in premium	0	0	0	0	0	0	0

## Endowment Insurance.

Attained Age	Years unexpired					
	10		20		30	
	Cash Value	Reduction	Cash Value	Reduction	Cash Value	Reduction
35	£ s d 1 0 6	£ s d 0 2 9	£ s d 0 15 0	£ s d 0 1 3	£ s d 0 11 9	£ s d 0 0 9
45	1 0 9	0 2 10	0 15 9	0 1 4	—	—
55	1 1 3	0 3 0	—	—	—	—

In a mutual office the profits belong to the members, while in the case of a proprietary office a fixed proportion, usually from 80 to 90 per cent of the profits, is allotted to the policyholders, the balance going to the shareholders.

It is a well-known fact that the cost of obtaining a policyholder is much heavier than the future annual expenses of maintenance, and in view of this, some companies do not allow any bonus to their "with profit" policyholders for the first year, while others allow policies to participate from the beginning, but stipulate that if the life shall die before a certain number of years, ranging from one to five, have elapsed, the original sum assured only shall be payable, and not the bonuses in addition. In the latter case the bonuses are said to "vest" only after a certain number of years. The underlying idea, is that those policies which pass off the books before the heavy initial expense has been recouped in some degree out of the premiums, have not contributed to the profits, and accordingly are not entitled to share in them.

A small number of companies have a scheme whereby no bonus is allotted to a policy until a considerable term of years has elapsed, which is sometimes regulated by the time it takes for the premiums to accumulate at 4 per cent compound interest to the sum assured, and sometimes by the number of years required for the life to attain his "expectation of life." This system gives large bonuses to those who survive the preliminary term, at the expense, of course, of those who fail to complete the term through death or discontinuance.

Formerly it was the practice, with a few exceptions, for insurance offices to make a valuation of their liabilities and assets not more frequently than every five years, and accordingly declarations of profit were made at the same intervals. Of late years a movement has been noticeable towards shortening the period between successive investigations, and it is the present-day practice of many companies to make a valuation and declare a bonus every year. A better check is certainly kept on the company's progress when this is done, but a year being so small a portion of time in a life office's history, it is very essential that the whole of the revealed profits should not be divided every year, since fluctuations are bound to occur, which tend to equalise themselves in the course of a few years, and which should be provided for by the setting up of an undivided profit fund that can be drawn on in the lean years, and augmented in the prosperous years. It is, of course, very desirable that the whole of the profits revealed at a valuation should not be divided, whatever the period between successive investigations.

When a company values at lengthy intervals, it is important to know how policyholders, whose policies become claims between successive valuations, fare as regards the bonus allotted for the period elapsed between the last declaration of profit and the date of the claim. The bonus for this final period is known as an "intermediate" or "interim" bonus, and is settled at the preceding valuation at a rate usually lower than the rate then declared. For example, if the rate declared is £1 12s per cent per annum, the interim bonus for the future period up to the next valuation may be fixed at £1 8s. This lower rate, however, often only applies to claims by death, endowment insurance policies becoming claims by the survival of the life assured to the end of the selected term of years usually have a final bonus added to them at the same rate as was last declared.

The policyholders are notified of their share in the profits by means of "bonus certificates," which are despatched to them soon after the profits are ascertained. The certificate usually contains blank application forms for the cash or reduction in premium options, and also tables from which the policyholder can calculate the amount of either option in his particular case.

**7 INSURABLE INTEREST** The foundation of the law of insurable interest is to be discovered in an Act passed in 1774, commonly called the Gambling Act, which was designed to prevent the speculation in human life that had become so rife at that time. Members of the Royal Family, politicians, generals, and other prominent individuals were insured by strangers with no other object than that of pure gambling, and the premiums for such insurances rose and fell with the reports of the state of health of the lives insured or their more or less exposure to danger. A man on trial for his life, for example, was a good subject for the speculators, and it can be readily understood that where a great many people would profit by the death of an individual, there was great danger that some one of them might be tempted to bring about, or at least to accelerate, the desired result.

The Act commences by saying that the making of insurances on lives where the insured has no interest has introduced a mischievous kind of gaming, and for remedy thereof, no insurance shall be made on any life or lives wherein the person or persons for whose benefit the policy shall be made shall have no interest, or by way of wagering or gaming, and that every such insurance shall be null and void to all intents and purposes whatsoever. The Act further provides that the name of the person for whose benefit the policy shall be made shall be inserted in the policy.

**This Indenture** made the *first* day of *July* One thousand nine hundred and *thirty* Between *John Jones* of *994 Cheapside* in the County of *London* (hereinafter called the Mortgagor which expression shall except where repugnant to the context include his executors administrators or assigns) of the one part and *Joseph Brown* of *836 Strand* also in the County of *London* (hereinafter called the Mortgagee which expression shall except where repugnant to the context include his executors administrators or assigns) of the other part Witnesseth that in consideration of the sum of *Fifty five pounds* this day paid by the Mortgagee to the Mortgagor (the receipt whereof the Mortgagor doth hereby acknowledge) The Mortgagor as beneficial owner Doth hereby assign unto the Mortgagee All that Policy of Assurance for the sum of *Four hundred* pounds on the life of the Mortgagor granted by the *Mutual Life Insurance Company* dated the *twentieth* day of *October* One thousand *nine* hundred and *ten* numbered *895784* and under the *annual* premium of *Fifteen pounds* and all the moneys assured by or to become payable under the said policy and the full benefit thereof To hold the same premises unto the Mortgagee subject to the proviso for redemption hereinafter contained Provided always that if the Mortgagor shall on the *first* day of *January* next pay to the Mortgagee the said sum of *Fifty five pounds* with interest for the same in the meantime at the rate of *six* pounds per cent per annum then the Mortgagee shall at any time thereafter upon the request and at the cost of the Mortgagor reassign the said premises hereby assigned unto the Mortgagor or as the Mortgagor shall direct And the Mortgagor doth hereby covenant with the Mortgagee that the Mortgagor will pay to the Mortgagee on the *first* day of *January* next the said sum of *Fifty five pounds* together with interest for the same in the meantime at the rate of *six* pounds per cent per annum AND IF AND SO LONG AS any principal money shall remain owing on the security of these presents after the *first* day of *January* next will pay to the Mortgagee interest for the same at the rate aforesaid by equal half yearly payments on every *first* day of *January* and *first* day of *July* And that the Mortgagor will not do or suffer anything whereby the said Policy of Assurance may become void or voidable or the Mortgagee may be prevented from receiving any of the money thereby assured And that if the said policy shall become voidable the Mortgagor will immediately thereupon at his own cost do all things necessary for restoring and keeping on foot the said policy And that if the said policy or any policy to be effected in lieu thereof as hereinafter provided shall become void the Mortgagor will immediately thereupon at his own cost effect or enable the Mortgagee to





effect a new policy on the life of the Mortgagor in the name of and in some office to be approved by the Mortgagee and in the sum of *Four hundred pounds* at the least And that every such new policy and all the moneys to become payable thereunder shall be subject to the proviso for redemption hereinbefore contained and to all the trusts powers covenants and provisions applicable by virtue of these presents to the said policy of Assurance hereby assigned and the moneys to become payable under the same and shall be saleable under the statutory power in that behalf in the same manner in all respects as if originally comprised in these presents And that the Mortgagor will during the continuance of this security duly pay all premiums and other sums of money (if any) which shall become payable for keeping on foot the said policy hereby assigned and any new policy to be effected in lieu thereof and deliver to the Mortgagee the receipt for every such payment within seven days after the same shall have become due And that if the Mortgagor shall fail to make any such payment the Mortgagee may make the same And that the Mortgagor will on demand repay to the Mortgagee all moneys which shall have been expended by the Mortgagee in keeping on foot the said policy of Assurance hereby assigned or in effecting or keeping on foot any new policy in lieu thereof with interest thereon at the rate aforesaid from the time or respective times of the same having been expended and that until such moneys shall be repaid with interest the said Policy of Assurance hereby assigned and any new policy to be effected as aforesaid and the moneys to become payable under the same respectively shall be charged with the payment of such moneys and interest And it is hereby declared that any sale under the statutory power in that behalf either of the said policy hereby assigned or of any new policy to be effected in lieu thereof may be made either by way of surrender to the office by which the same respectively has been or shall have been granted or otherwise Provided always and it is hereby declared that the Mortgagee shall not be answerable for any involuntary losses which may happen in or about the exercise of any of the powers or trusts vested in or exercisable by the Mortgagee as Mortgagee under or by virtue of these presents In witness whereof the said parties to these presents have hereunto set their hands and seals the day and year first above written

Signed sealed and delivered by the  
above named Mortgagor and Mortgagee  
in the presence of  
*Thomas Townsend*  
*896 Cheapside*  
*London E C*  
*Jeweller*

JOHN JONES

JOSEPH BROWN



DATED July 1st, 1912

*John Jones*

--- 10 ---

*Joseph Brown*

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## *Assignment*

Of Life Policy by way of Mortgage  
for securing repayment of \$55 and  
interest

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graduating the premiums according to the age at entry was adopted.

Long before the "Amicable" had made the forward step just described, however, another life office had been launched, which from its inception charged premiums varying with the age of the life at entry. This was the "Society for Equitable Assurances on Lives and Survivorships," which commenced business in the year 1762, after a delay of five years owing to difficulties connected with its constitution. A petition for a charter of incorporation had been presented in 1757, but, after four years' consideration, it was rejected by the Law Officers of the Crown, and the promoters thereupon proceeded by deed of settlement, under which the society was duly brought into being. The objects of the society were to undertake the insurance of definite sums payable on the decease of single lives, or the failure of joint lives, and to grant annuities. The age at entry, and the state of health of lives proposed for insurance were taken account of in fixing the premiums, and rules were laid down for the investment of the funds which naturally accumulate when premiums are charged, uniform throughout the period of insurance, but graduated according to age. The division among the members of any excess of assets over liabilities that might arise from time to time was provided for, and, in short, most of the essential features of a modern life office were represented, though in a crude and tentative form. It is some tribute to the sagacity of its founders that the "Equitable" still exists in a flourishing condition at the present day.

In the year 1720 two other companies, the "Royal Exchange" and the "London Assurance" were granted charters of incorporation, and both are in existence at the present time, including with the transaction of life insurance business, marine, fire, accident, and other branches. For a considerable time after their origin these two companies appear to have transacted very little life insurance business, and that only in the form of insurances for a limited term of years, such as 1, 5, or 7.

After the foundation of the "Equitable," new life offices were created in considerable numbers, and, needless to say, many were bogus concerns, the only object of the promoters being to obtain as much money out of an unsuspecting public as possible. For example, one company called the "Independent West Middlesex" was formed in 1836, which advertised annuities at rates about 30 per cent more favourable than those offered by the established companies. The promoters placed upon the prospectus of the company the well-known names of bankers, Members of Parliament, and others, the initials being altered only, and it is estimated that about £250,000 was extracted from the public before the bubble was pricked.

The business of life insurance is differentiated from most of other undertakings in that the liabilities incurred do not generally mature within a comparatively short period, but it may be at the end of 20, 30, 40, or even 60 years from their acceptance. On the other hand, the consideration for the acceptance of these liabilities, that is, the premiums, comes in to the office year by year, and, consequently, the premium income of a young office largely exceeds its payments under its policies. Here lies a strong temptation to the management to spend profusely on the acquisition of further new policyholders, either by its own agents, or on

a larger scale by the purchase of another office. A steady influx of new insurances is, of course, necessary to the continued existence of an office, but the expenditure incurred in keeping up the supply ought to be vigilantly watched, as prodigality is bound to have effects, sometimes disastrous, in later years when the liabilities begin to mature.

An inordinate desire for expansion at all costs led, about 1870, to the downfall of two companies, the "Albert" and the "European." For some time previous to the collapse there had been an uneasy feeling in the insurance world that all was not right with these concerns, but nothing definite could be proved against them, because there was no law requiring the publication of full accounts and valuation results, and tradition was against publicity, even in the case of the reputable companies. Most offices only published carefully selected figures, and relied mainly on the confidence of the public in their good name and the credit of the directors who were in control, and, accordingly, it was very difficult, if possible at all, to ascertain the true position of a company. Matters had reached such a stage with the "Albert" in 1869, however, that it found it impossible to continue business any longer. The office had been founded in 1838, and up to 1865 it had absorbed the startling number of twenty-six other offices by amalgamation, some of which were larger than itself, and had attained thereby to a premium income of £300,000 per annum. In 1866 a valuation of its assets and liabilities had been made, at which a deficiency of more than £250,000 had been shown, which was, however, kept secret. In 1868 the crisis came to a head, the outgoings being greater than the income, the claims increasing and the premium income decreasing. An investigation of the company's affairs followed, and it was discovered that the cause of the failure was the sums of money which had been paid or mis-applied for the purpose of obtaining the transfer of the companies absorbed. The process of winding-up was so complicated, that a special Act of Parliament had to be passed, by which an arbitrator was appointed, with powers to settle finally the conflicting rights of all concerned, and in about four years the affair was completed, at a cost of £70,000.

The history of the downfall of the "European" is nearly identical with that of the "Albert." Unscrupulous amalgamations were the main contributing cause, coupled with laxity in the admission of lives not up to a proper standard of health. Attempts were made to save the company by a reduction of the sums assured under the policies, and also by a transfer to another company, but both attempts failed, and liquidation became necessary. An arbitrator was appointed by Parliament in 1872, and no less than seven years elapsed, during which two arbitrators died, before the proceedings terminated. The total cost of the winding-up exceeded £180,000.

Such occurrences as these convinced the Government of the day that the business of life insurance demanded special legislation, and accordingly the Life Assurance Companies Act of 1870 was passed. This Act, which regulated life insurance companies until its repeal by the Assurance Companies Act of 1909, has been of inestimable service both to the public and to the companies themselves. From its becoming law, it was no longer possible for companies to carry on their operations year after year

under a cloak of secrecy or with the publication of only that information which told in their favour. Henceforth at the end of each financial year of the company a full revenue account showing the income and outgo of the year and a balance sheet showing the assets and liabilities at the end of the year had to be furnished to the Board of Trade and at least once every ten years in the case of a company established before the passing of the Act and at least once every five years if the company was established afterwards a valuation of the assets and liabilities under the policies had to be made by an actuary and the results submitted to the Board of Trade accompanied by a statement as to how the valuation was made. Such details of the policies included in the valuation also had to be supplied as would enable an independent actuary to test roughly the accuracy of the results of the investigation.

A description of the principles and methods of a life office valuation will be found in an earlier part of this article and it is there shown that the calculated liability of a life insurance office under its policies varies very considerably according to the rates of interest and mortality which are assumed to operate in the future and it is therefore possible to bring out a comparatively light liability by judiciously selecting these factors. The Act of 1870 did not, however attempt to lay down any rate of interest or table of mortality for valuations. It simply said that a valuation must be made and the rates of interest and mortality employed divulged, and the policy of the framers of the Act has been very aptly summed up in the two words Freedom and Publicity. The companies had freedom in the selection of the methods they chose to employ but their choice was to be exposed to the criticism of the Press and public as the returns were laid before Parliament and published as a Blue Book yearly.

One very important provision aimed against the formation of mushroom companies was to the effect that no company was to be established after the passing of the Act until a sum of £20,000 had been deposited with the Court of Chancery and the deposit was not to be repaid until the company had accumulated a fund of £40,000 out of the premiums.

Amalgamations and transfers of companies were controlled by the Act and were not to have effect until the sanction of the court had been obtained and if policyholders representing one-tenth or more

of the total amount assured dissented the court was not to sanction the proposal.

The Act empowered the court to order the winding up of any company on the application of one or more policyholders or shareholders upon it being proved to the satisfaction of the court that the company was insolvent but in order to prevent vexatious proceedings being taken against a company for the sole purpose of injuring its credit the court was not to give a hearing to the petition until security for costs had been given and a *prima facie* case established to the satisfaction of the judge. In place of making an order for winding up the court was given power if it thought fit to reduce the sums assured under the company's policies to such an extent as to render it solvent.

The Act of 1870 amended in certain details by statutes passed in 1871 and 1872 continued to be the law regulating life insurance companies until July 1st, 1910 when the Assurance Companies Act of 1909 came into operation. This Act embraces in its scope life fire accident employers liability and bond investment insurance and the part which deals with life insurance is in most respects similar to the Act of 1870 with only such additions and modifications as have been found desirable by experience. The policy of the earlier Act of not laying down any definite valuation basis is not departed from but a valuation statement has now to be made by every company whether established before 1870 or not at intervals not exceeding five years and every company has to deposit and keep deposited the sum of £20,000 with the Supreme Court no matter how large its accumulated funds may be.

The provisions of the 1909 Act regarding the amalgamation and transfer of companies are very similar to those of the earlier Act. The dissent of policyholders representing one-tenth or more of the total sum assured is still sufficient to prevent the court sanctioning the proposal.

The court may now order the winding up of an insurance company on the petition of ten or more policyholders who own policies of an aggregate value of not less than £10,000. This is in contrast with the 1870 Act under which the petition of one policyholder was sufficient.

By the 1909 Act the forms in which the revenue account and balance sheet of a company are to be returned were somewhat amplified and are now as follows—

Revenue Account of the		for the year ending	
	£ s d		£ s d
Amount of Life Insurance Fund at the beginning of the year		Claims under policies paid and outstanding	
Premiums		By death	
Consideration for annuities granted	£ s d	By maturity	
Interest dividends and rents		Surrenders including Surrenders of Bonus	
Less Income Tax thereon		Annuities	
Other receipts (accounts to be specified)		Bonuses in Cash	
		Bonuses in reduction of Premiums	
		Commission	
		Expenses of Management	
		Other Payments (accounts to be specified)	
		Amount of Life Insurance Fund at the end of the year as per Balance Sheet	

## Balance Sheet of the ... .. on the ... ..

<i>Liabilities</i>		<i>Assets</i>	
	£ s d		£ s d
Shareholders' Capital paid up (if any)		Mortgages . . . . .	
Life Insurance Fund		Loans . . . . .	
Annuity Fund		Investments . . . . .	
Claims admitted or intimated, but not paid		(Each of the above is divided into several classes)	
Other sums owing by the Company		Agents' Balances . . . . .	
		Outstanding Premiums . . . . .	
		Outstanding Interest, Dividends, and Rents . . . . .	
		Interest accrued but not payable . . . . .	
		Cash—	
		On deposit	
		In hand and on current account . . . . .	
		Other assets (to be specified)	

The premiums, annuity consideration, claims, surrenders, annuities, bonuses in cash and reduction of premiums, and commission, have to be shown separately for business secured by branches or agencies within and without the United Kingdom.

A statement of the new policies issued by the company for the year of account has to be appended to the Revenue Account, showing the number of policies, the sums insured thereby, and the single and annual premiums payable, the particulars being given separately for business secured within and without the United Kingdom.

On every occasion when a statement of the results of a valuation is made, the balance sheet must state how the values of the Stock Exchange securities are arrived at, and a certificate must be appended, signed by the same persons as sign the balance sheet, to the effect that in their belief the assets set forth in the balance sheet are in the aggregate fully of the value stated therein, less any investment reserve fund taken into account.

At the present time there are some ninety life insurance offices doing business in the United Kingdom, of which eleven are Colonial or American offices. Taking the domestic offices only, the aggregate life and annuity funds held in 1911 amounted to over £379,000,000, their annual premium income is over £46,000,000, and their income from interest on invested funds is over £14,000,000. The claims paid under policies in a single year amount to over £28,000,000.

Life insurance offices may be divided into two classes, namely, "mutual" and "proprietary." Offices belonging to the former class have no shareholders, and accordingly the whole of the profits realised belongs to the policyholders, or to such as are assured under "with profit" policies, since many mutual offices issue "without profit" policies under which the assured is not entitled to participate in the profits, a lower premium being charged in respect of such policies. There are sixteen British mutual offices, the remainder, to the number of about sixty-three being "proprietary" offices. The latter have a paid-up capital, subscribed by shareholders, on which dividends are declared periodically as in the case of any other trading company; but the shareholders do not also take the whole of the profits as revealed by the valuations (which in many cases are made quinquennially), but only a small

proportion thereof, as much as 80 to 95 per cent, being usually divided under the name of "bonus" among the assured who hold "with profit" policies, merely the balance of from 5 to 20 per cent going to the shareholders.

Most life offices have branches in all the principal centres of population, under the control of "local boards," "branch managers," or "resident secretaries." Attached to each branch are agents and inspectors, whose business it is to attract new policyholders by explaining the advantages of life insurance in general, and of their own office in particular, to as many people as possible. Some of the "mutual companies," however, have no paid agency system, the recommendations of existing policyholders being entirely relied upon to produce the necessary inflow of new insurances to replace the wastage occasioned by death and withdrawal.

The agency organisation is in every case controlled by a chief office, to which all proposals for insurance are submitted by the branches. The chief office of a company is usually organised into departments, each under its head, who is responsible to the manager, he in his turn being responsible to the directors. The departments are usually as follows—

"Actuarial." Here a record of the company's policies is kept, classified according to the requirements of the periodical valuations. The mortality experience of the company is investigated, and compared with that expected by the table of mortality employed in the valuations, and tables of premiums and rates for special forms of policies are calculated. Surrender values and free policies, which are granted on the discontinuance of policies, are also quoted to the branches from this department, which usually has a Fellow of the Institute of Actuaries or a Fellow of the Faculty of Actuaries as its chief.

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**"Legal"** Here all questions of title to policies under assignments etc are investigated policy forms settled and legal proceedings by or against the company dealt with.

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ordinary offices whi h transact insurance by yearly half yearly or quarterly premiums usually have branches established in the large towns with an organisation of agents attached to each consisting of accountants estate agents and others who are able to influence life insurance business in the direction of the office they represent. These agents are supervised and assisted by inspectors who devote their whole time to the service of the company and who are expected to maintain a certain influx of new insurances. The industrial companies on the other hand have large staffs of agents who devote their whole time to the business under the supervision of superintendents the largest company of this kind having no less than 17,600 agents on its outdoor staff.

A life insurance agent as a rule is only empowered to receive proposals for insurance from the public and to collect premiums and remit them to the chief office of the company. He has no authority to grant insurances proposals must be submitted by him to the chief office and if accepted there the policies are forwarded to the agent for delivery to the assured. An agent cannot reinstate lapsed policies nor can he waive or alter any of the conditions on which a policy is granted. The notice of assignment of a policy should be sent direct to the chief office of the company and not to an agent as *except in cases where the agent has authority to receive such notices the company is not bound thereby*. (See *Life Insurance Policies as Securities* p. 940.)

An insurance company is bound by all acts of the agent within the scope of his authority and if he obtains proposals by means of misstatements knowing them to be false the company cannot profit by the fraud of its agent and on such fraud being proved must return all premiums paid under the policy. Thus, where an agent obtained an insurance by stating that the proposer had an insurable interest in the life when, as a matter of fact, he knew that the proposer had not any such interest it was held that all premiums must be refunded.

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the utmost good faith in answering the questions on the proposal form and if the agent is allowed to fill in the answers and either knowingly or ignorantly inserts wrong statements the policy may be rendered void thereby as it is the proposer's duty to see for himself that the proposal form is correctly filled in.

An insurance agent is bound to keep proper accounts of all receipts and payments to forward statements of same to the chief office of the company from time to time and also to remit balances of cash not required by him for the proper conduct of his agency. A bond is almost invariably required from him for the faithful discharge of his duties (at least with the industrial offices) the surety being either a private individual or one of the guarantee companies which make a business of becoming surety in consideration of a yearly premium regulated by the amount of the bond the occupation of the person guaranteed and his personal record.

In some companies the agent is permitted to deposit the amount of the guarantee required and interest is paid to him on the amount so deposited. On the termination of the agent's appointment the deposit is returned to him if his accounts and cash are in order but if there is any deficiency the deposit is drawn on for the amount of such deficiency.

**LIFE INTEREST**—The beneficial interest in any kind of property which lasts during the life of the beneficiary or some other person.

#### LIFE SAVING APPLIANCES AND APPLIANCES

—It is the duty of every owner or master of a British ship to see that she is provided with the number of lifeboats life-rafts life-jackets and life-buoys which his ship is required to carry by the rules made by the Board of Trade in accordance with the provisions of Section 427 of the Merchant Shipping Act 1894. He must also see that his ship is provided with lights and the means of making fog signals in conformity with the collision regulations. If the vessel is a sea going steamship not used wholly as a tug she must also be provided with a hose capable of being connected with the engines of the ship and capable of extinguishing fire in any part of the ship and if a passenger vessel she must have her compasses properly adjusted from time to time. Ships may be surveyed by ship surveyors who for that purpose have the powers of a Board of Trade inspector to see if they are properly provided with life-saving appliances. After January 1st 1909 the above Sections (sub-sec. 427-431) of the Merchant Shipping Act 1894 applied to all foreign ships while in this or any port of the United Kingdom in the same way as they apply to British ships unless directed otherwise by Order in Council (N.S.A. 1906 Sec. 4). Every emigrant ship must if a foreign ship be provided with amongst other things four properly fitted lifebuoys ready at all times for immediate use. The master of a British ship is required under penalty to enter in the official log book the occasions when boats etc. is practised on board and when the life-saving appliances are examined in order to see that they are fit and ready for use (N.S.A. 1906 Sec. 4).

The provisions of the Merchant Shipping Act relating to life-saving appliances apply to all foreign ships while they are within any port of the United Kingdom as they apply to British ships but by Order in Council if foreign ships may be exempted in cases where the laws of the country



## Balance Sheet of the . . . . . on the . . . . .

<i>Liabilities</i>		<i>Assets</i>	
	£ s d		£ s d
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		Interest accrued but not payable	
		Cash—	
		On deposit	
		In hand and on current account	
		Other assets (to be specified)	
	£		£

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to which the ship belongs contain provisions relating to life-saving appliances which appear to be equally effective, on proof that the provisions are complied with

Owing to the terrible loss of life in the case of the *Titanic*, April 15th, 1912, a great change will doubtless be made as to the life-saving apparatus and appliances to be used in the future

**LIGHT DUES.**—These are dues which are levied on a ship by the Board of Trinity House for the maintenance and upkeep of lights, beacons, buoys, etc. round the British coast.

**LIGHTER**—A large, flat-bottomed barge or boat, usually propelled or guided by two heavy oars, and used for conveying merchandise, coals, etc., between ships and portions of the shore they cannot reach by reason of their draught. The owners of lighters are liable like other common carriers for hire. It is a term of the contract, on the part of the carrier or lighterman, implied by law, that his vessel is tight and fit for the purpose or employment for which he offers and holds it forth to the public. When the contract provides that the cargo is to be brought "alongside" by the charterer, that means, it seems, actually to the side of the ship, and if the loading is done by lighters, the cost of lightering must be paid by the charterer, though the vessel may not be able to lie at the usual loading place. The important question whether the charterer is ordinarily bound to be ready with the appliances required for taking the cargo to or from alongside the ship has given rise to much difficulty, but it now seems clear that there is no such absolute obligation.

**LIGHTERAGE.**—The money paid for conveying goods in lighters

**LIGHTERMAN.**—A lighterman is the owner or manager of a lighter. He is considered to be a common carrier.

**LIGHT GOLD.**—Gold coins which fall below a certain weight (as to be legal tender (*qv*). The least current weight for the various gold pieces are given in the article on COINAGE.

By Section 7 of the Coinage Act, 1870, it is provided—

"Where any gold coin of the realm is below the current weight as provided by this Act, or where any coin is called in by proclamation, every person shall, by himself or others cut, break, or deface any coin tendered to him in payment, and the person tendering the same shall bear the loss. If any coin is cut, broken, or defaced in pursuance of this Act, and is not below the current weight, the person called in by any proclamation shall receive the same in full value of its denomination."

There is no penalty attaching to non-compliance with this Act. A coin which is broken or broken never takes the value of light gold in circulation. The Bank of England is the only bank which has the right to issue gold coins.

Where gold coins are below their current weight, the Mint, fall below their current weight in weight.

building from the direction of the of

preserving property, rather than from the wish to provide for personal safety, that the systematic establishment of lighthouses has sprung. The earliest lighthouses, of which records exist, were the towers built by the Libyans and Cushites in Lower Egypt. The most celebrated lighthouse of ancient times was that erected about B.C. 283 in the reign of Ptolemy Philadelphus, on the island of Pharos, opposite to Alexandria. It is from this building, or rather from the island on which it stood, that lighthouses have in many countries received their generic name of Pharos. This lighthouse was regarded as one of the wonders of the world. It is said to have been 600 ft in height, but the evidence in support of this statement is doubtful. Mr Justice Day, in *Gilbert v. Trinity House* (1886, 17 Q.B.D. 600), said: "Lights and beacons were at one time almost universally private property. Persons erected beacons or lighthouses when they were required, and those who navigated the seas, at first perhaps voluntarily, and afterwards by compulsion, paid tolls in respect of them. Rights gradually grew up, rights recognised by law, and rights enforced, it may be, by charters or by Acts of Parliament. With the gradual development of those rights it became necessary at last to bring all those lighthouses and beacons under one general authority, and eventually in 1854 they were all brought under one central authority of the Trinity Board, which had long had an existence originally as a private body, and gradually and naturally developing its authority and influence and acquiring fresh powers, until at length all lighthouses and beacons were vested in it." The Merchant Shipping Act, 1894, enacts that "lighthouses" shall, in addition to the ordinary meaning of the word, include any floating and other light exhibited for the guidance of ships, and also any sirens and any other description of fog signals, and also any addition to a lighthouse of any improved light, or any siren, or any description of fog signals. There are three general lighthouse authorities: The Trinity House, the Commissioners of Northern Lights, and the Commissioners of Irish Lights.

The lighthouses, buoys, and beacons throughout England and Wales, and the Channel Islands, and the adjacent seas and islands, and at Gibraltar are vested in the Trinity House, throughout Scotland and the adjacent seas and islands, and the Isle of Man, in the Commissioners of Northern Lights; and throughout Ireland, and the adjacent seas and islands, in the Commissioners of Irish Lights. These lighthouse authorities must give to the Board of Trade all information which the Board may require. The Board of Trade may, on complaint that any lighthouse is inefficient or improperly managed, authorise any persons appointed by them to inspect the same. The Trinity House and any of their servants may at all times enter any lighthouse within their jurisdiction for the purpose of viewing their condition. The Trinity House may, with the sanction of the Board of Trade, direct the Commissioners of Northern Lights or the Commissioners of Irish Lights to continue any lighthouse to erect or alter any lighthouse or buoy, or to vary its character or mode of exhibiting lights thereon.

**LIGHT LOCOMOTIVES AND MOTOR LAWS.**—A "light locomotive," according to the Locomotives on Highways Act, 1896, is any vehicle propelled by mechanical power if it is under 2 tons in weight unladen, and is not used for the purpose of drawing more than one vehicle (with which vehicle with its locomotive not to exceed in weight unladen 4 tons), and

as so constructed that no smoke or visible vapour is emitted therefrom except from any temporary or accidental cause. A motor car is a light locomotive as defined by the Act of 1896. The weight above mentioned may now be 5 tons or with a trailer 6½ tons but all the requirements of the Heavy Motor Car Order 1904 must then be complied with. In 1903 the Motor Car Act was passed which initiated a system of registration and numbering of cars in order to facilitate identification. A series of regulations under the Act have been made by the Local Government Board relating to—(1) Registration and licensing 1903 (2) use and construction 1904 and (3) heavy motor cars (i.e. of a weight exceeding 2 tons) 1904.

In calculating the weight of a vehicle unladen the weight of any water, fuel or accumulators used for the purpose of propulsion is not to be included. During the period between one hour after sunset and one hour before sunrise the person in charge of a light locomotive must carry attached thereto a lamp so constructed and placed as to exhibit a light in accordance with the regulations made by the Local Government Board. The lamp must be so constructed and placed as to exhibit during the said period a white light visible within a reasonable distance in the direction towards which the motor car is proceeding or is intended to proceed and to exhibit a red light so visible in the reverse direction. The lamp must be placed on the extreme right or off side of the motor car in such a position as to be free from all obstruction to the light.

The Heavy Motor Car Order 1904 in effect divides motor cars into two classes in that all cars exceeding 2 tons in weight unladen are subject to its regulations. Very few private motor cars exceed 2 tons in weight hence the ordinary car does not come within the provisions of the Order of 1904 but is subject only to the Act of 1903 the Registration and Licensing Order of 1903 and the Use and Construction Order of 1904.

Every motor car must be registered with the council of a county or county borough and a separate number must be assigned to every car registered. A mark indicating the registered number of the car and the council with which the car is registered must be fixed on the car. A fee of 20s. will be charged by the council on registration of a car and 5s. in the case of motor cycles. A person must not drive a motor car on a public highway unless he is licensed for the purpose and no person must not employ any person who is not so licensed to drive a motor car. The council must grant a licence to drive a motor car to any person applying for it who resides in that county or county borough on payment of a fee of 5s. unless the applicant is disqualified. A licence remains in force for a period of twelve months from the date on which it is granted. A licence must be produced by any person driving a motor car when demanded by a police constable. Any person under the age of seventeen is disqualified for obtaining a licence (except that a licence limited to driving motor cycles may be granted to a person over the age of fourteen years) and any person who already holds a licence is disqualified for obtaining another licence while the licence so held by him is in force. A licence to drive a motor car is no guarantee of fitness.

A person must not under any circumstances drive a motor car on a public highway at a speed exceeding 20 miles an hour. Manufacturers and

dealers are placed in a privileged position with regard to cars on trial after completion or on trial by an intending purchaser. They receive what is known as a general identification mark from the registering authority and may affix the same to any car of the class above mentioned but whenever such mark is used the name and address of the person driving the car must be recorded and such record must be open to inspection by the police.

The following recommendations for notices and sign posts under Section 10 of the Motor Car Act 1903 have been adopted by the County Councils Association and the Municipal Corporations Association—

1 For 10 mile or lower limit of speed a white ring 18 in in diameter with plate below giving the limit in figures (Fig 1)

2 For prohibition a solid red disc 18 in in diameter (Fig 2)

3 For caution (dangerous corners, cross roads or precipitous places) a hollow red equilateral triangle with 18 in sides (Fig 3)

4 All other notices under the Act to be on diamond shaped boards (Fig 4)

All such notices should be placed on the near side of the road facing the approaching driver and at about 50 yds. from the spot to which they apply the under side of the sign being not less than 8 ft from the ground level.



Fig 1



Fig 2



Fig 3



Fig 4

The excise duty on locomotives is as follows—

(1) Motor cars, motor omnibuses or other vehicles being hackney carriages within the meaning of Section 4 of the Customs and Inland Revenue Act 1894—

	£	s	d
If the weight of the locomotive exceeds 1 ton unladen but does not exceed 2 tons unladen	2	2	0
If the weight of the locomotive exceeds 2 tons unladen	3	3	0

to which the ship belongs contain provisions relating to life-saving appliances which appear to be equally effective, on proof that the provisions are complied with

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**LIGHTER.**—A large, flat-bottomed barge or boat, usually propelled or guided by two heavy oars, and used for conveying merchandise, coals, etc., between ships and portions of the shore they cannot reach by reason of their draught. The owners of lighters are liable like other common carriers for hire. It is a term of the contract, on the part of the carrier or lighterman, implied by law, that his vessel is tight, and fit for the purpose or employment for which he offers and holds it forth to the public. When the contract provides that the cargo is to be brought "alongside" by the charterer, that means, it seems, actually to the side of the ship, and if the loading is done by lighters, the cost of lightering must be paid by the charterer, though the vessel may not be able to lie at the usual loading place. The important question whether the charterer is ordinarily bound to be ready with the appliances required for taking the cargo to or from alongside the ship has given rise to much difficulty, but it now seems clear that there is no such absolute obligation

**LIGHTERAGE.**—The money paid for conveying goods in lighters

**LIGHTERMAN.**—A lighterman is the owner or manager of a lighter. He is considered to be a common carrier

**LIGHT GOLD.**—Gold coins which fall below a certain weight cease to be legal tender (*qv*). The least current weights for the various gold pieces are given in the article on COINAGE

By Section 7 of the Coinage Act, 1870, it is provided—

"Where any gold coin of the realm is below the current weight as provided by this Act, or where any coin is called in by proclamation, every person shall, by himself or others, cut, break, or deface any such coin tendered to him in payment, and the person tendering the same shall bear the loss. If any coin cut, broken, or defaced in pursuance of this Section is not below the current weight, or has not been called in by any proclamation, the person cutting, breaking, or defacing the same shall receive the same in payment according to its denomination"

It will be noticed that there is no penalty attaching to any person for non-compliance with this Act. In practice this cutting or breaking never takes place, and there is plenty of light gold in circulation, but when once it reaches the Bank of England it is never re-issued

By the Coinage Act, 1891, where gold coins which are not more than 3 grains below their standard weight are handed in at the Mint, full value will be given for them, if the loss in weight is due to reasonable wear and tear

**LIGHTHOUSES.**—Lighthouses are buildings erected along the seashore, or upon rocks, from which lights are exhibited at night for the direction of mariners. It is probably from the desire of

preserving property, rather than from the wish to provide for personal safety, that the systematic establishment of lighthouses has sprung. The earliest lighthouses, of which records exist, were the towers built by the Libyans and Cushites in Lower Egypt. The most celebrated lighthouse of ancient times was that erected about B.C. 283 in the reign of Ptolemy Philadelphus, on the island of Pharos, opposite to Alexandria. It is from this building, or rather from the island on which it stood, that lighthouses have in many countries received their generic name of Pharos. This lighthouse was regarded as one of the wonders of the world. It is said to have been 600 ft in height, but the evidence in support of this statement is doubtful. Mr. Justice Day, in *Gilbert v. Trinity House* (1886, 17 Q.B.D. 600), said "Lights and beacons were at one time almost universally private property. Persons erected beacons or lighthouses when they were required, and those who navigated the seas, at first perhaps voluntarily, and afterwards by compulsion, paid tolls in respect of them. Rights gradually grew up, rights recognised by law, and rights enforced, it may be, by charters or by Acts of Parliament. With the gradual development of those rights it became necessary at last to bring all those lighthouses and beacons under one general authority, and eventually in 1854 . . . they were all brought under one central authority of the Trinity Board, which had long had an existence originally as a private body, and gradually and naturally developing its authority and influence and acquiring fresh powers, until at length all lighthouses and beacons were vested in it." The Merchant Shipping Act, 1894, enacts that "lighthouses" shall, in addition to the ordinary meaning of the word, include any floating and other light exhibited for the guidance of ships, and also any sirens and any other description of fog signals, and also any addition to a lighthouse of any improved light, or any siren, or any description of fog signals. There are three general lighthouse authorities: The Trinity House, the Commissioners of Northern Lights, and the Commissioners of Irish Lights. The lighthouses, buoys, and beacons throughout England and Wales, and the Channel Islands, and the adjacent seas and islands, and at Gibraltar are vested in the Trinity House, throughout Scotland and the adjacent seas and islands, and the Isle of Man, in the Commissioners of Northern Lights, and throughout Ireland, and the adjacent seas and islands, in the Commissioners of Irish Lights. These lighthouse authorities must give to the Board of Trade all information which the Board may require. The Board of Trade may, on complaint that any lighthouse is inefficient or improperly managed, authorise any persons appointed by them to inspect the same. The Trinity House and any of their servants may at all times enter any lighthouse within their jurisdiction for the purpose of viewing their condition. The Trinity House may, with the sanction of the Board of Trade, direct the Commissioners of Northern Lights or the Commissioners of Irish Lights to continue any lighthouse, to erect or alter any lighthouse or buoy, or to vary its character or mode of exhibiting lights therein

**LIGHT LOCOMOTIVES AND MOTOR LAWS.**—A "light locomotive," according to the Locomotives on Highways Act, 1896, is any vehicle propelled by mechanical power if it is under 3 tons in weight unladen, and is not used for the purpose of drawing more than one vehicle (such vehicle with its locomotive not to exceed in weight unladen 4 tons), and

railways worked with a rope and lines which possess the conditions of (a) and (b) in about equal proportions.

The Act of 1891 provides for the preservation of common land and village greens and with respect to injuring scenery. The Order made by the Commissioners is provisional only and is of no effect until confirmed by the Board of Trade. When confirmed the Order has effect as if enacted by Parliament and is conclusive evidence that all the requirements of the Act in respect of proceedings required to be taken before the making of the Order have been complied with.

#### LIGHT LIGHT TO.—(See ANCIENT LIGHTS.)

**LIGHTS.**—The lights required to be shown by ships at night are specified in The Regulations for Preventing Collisions at Sea made by Order in Council on November 27th 1896 by virtue of the powers contained in the Merchant Shipping Act 1894. The word visible in these rules when applied to lights means visible on a dark night with a clear atmosphere.

**Rules to be Complied With.** *Article 1.* The rules concerning lights must be complied with in all weathers from sunset to sunrise and during such time no other lights which may be mistaken for the prescribed lights are to be exhibited. Vessels may have deck lights etc. so long as they are not mistaken for navigation lights. A light must not allow a light to be exhibited which infringes the regulations although the order for its exhibition may have been given by a pilot employed by compulsion of law. It is no excuse for non-compliance with the above Article that the night was clear and moonlight or that it was only a short time after sunset and fine and clear or that the lights were being trimmed. If it is necessary on the part of a steamer to go at full speed before the wind if in consequence thereof her smoke is so blown as to obscure her lights and to prevent her from being and from being seen by other ships.

**Lights for Steam Vessels Under Way.** *Article 2.* A steam vessel under way must carry (a) On or in front of the foremast or if a vessel without a foremast then in the fore part of the vessel at a height above the hull not less than 20 ft. and if the breadth of the ship exceeds 20 ft. then at a height above the hull not less than such breadth so however that the light need not be carried at a greater height above the hull than 40 ft. a bright white light so constructed as to show an unbroken light over an arc of the horizon of 20 points of the compass so fixed as to throw the light 10 points on each side of the ship viz. from right ahead to 2 points abaft the beam on either side and of such a character as to be visible on a dark night with a clear atmosphere at a distance of at least 5 miles. (b) on the starboard side a green light so constructed as to show an unbroken light over an arc of the horizon of 10 points of the compass so fixed as to throw the light 5 points abaft the beam on the starboard side and of such a character as to be visible on a dark night with a clear atmosphere at a distance of at least 5 miles. (c) on the port side a red light so constructed as to show an unbroken light over an arc of the horizon of 10 points of the compass so fixed as to throw the light 5 points abaft the beam on the port side and of such a character as to be visible on a dark night with a clear atmosphere at a distance of at least 5 miles. (d) if with a clear atmosphere at a distance of at least 2 miles (e) if with a clear atmosphere at a distance of at least 2 miles (f) if with a clear atmosphere at a distance of at least 2 miles (g) if with a clear atmosphere at a distance of at least 2 miles (h) if with a clear atmosphere at a distance of at least 2 miles (i) if with a clear atmosphere at a distance of at least 2 miles (j) if with a clear atmosphere at a distance of at least 2 miles (k) if with a clear atmosphere at a distance of at least 2 miles (l) if with a clear atmosphere at a distance of at least 2 miles (m) if with a clear atmosphere at a distance of at least 2 miles (n) if with a clear atmosphere at a distance of at least 2 miles (o) if with a clear atmosphere at a distance of at least 2 miles (p) if with a clear atmosphere at a distance of at least 2 miles (q) if with a clear atmosphere at a distance of at least 2 miles (r) if with a clear atmosphere at a distance of at least 2 miles (s) if with a clear atmosphere at a distance of at least 2 miles (t) if with a clear atmosphere at a distance of at least 2 miles (u) if with a clear atmosphere at a distance of at least 2 miles (v) if with a clear atmosphere at a distance of at least 2 miles (w) if with a clear atmosphere at a distance of at least 2 miles (x) if with a clear atmosphere at a distance of at least 2 miles (y) if with a clear atmosphere at a distance of at least 2 miles (z) if with a clear atmosphere at a distance of at least 2 miles.

least 3 ft. forward from the light so as to prevent these lights from being seen across the bows (e) a steam vessel when under way may carry an additional white light similar in construction to the light mentioned in Sub-division (a). These lights shall be so placed in line with the keel that one shall be at least 15 ft. higher than the other and in such a position with reference to each other that the lower light shall be forward of the upper one. The vertical distance between these lights shall be less than the horizontal distance. A vessel under way within the meaning of this Article which has her anchor down but is not being hauled by her

**Steam Vessel Towing another Vessel.** *Article 3.* A steam vessel when towing another vessel shall in addition to her side lights carry two bright white lights in a vertical line one over the other not less than 6 ft. apart and when towing more than one vessel shall carry an additional bright light 6 ft. above or below such lights if the length of the tow measuring from the stern of the towing vessel to the stern of the last vessel towed exceeds 600 ft. Each of these lights shall be of the same construction and character and shall be carried in the same position as the white light mentioned in Article 2 (a) except the additional light which may be carried at a height of not less than 14 ft. above the hull. Such steam vessel may carry a small white light abaft the funnel or aftermost for the vessel towed to steer by but such light shall not be visible forward of the beam. The object of two lights at the masthead is not only to distinguish a towing steamship from other steamships but to warn other vessels that the towing steamer is encumbered.

**Vessel Not Under Command.** *Article 4.* (a) A vessel which from any accident is not under command shall carry at the same height as the white light mentioned in Article 2 (a) where they can best be seen and if a steam vessel in lieu of that light two red lights in a vertical line one over the other not less than 6 ft. apart and of such a character as to be visible all round the horizon at a distance of at least 2 miles and shall in day carry in a vertical line one over the other not less than 6 ft. apart where they can best be seen two black balls or shapes each 2 ft. in diameter. (b) A vessel employed in laying or in picking up a telegraph cable shall carry in the same position as the white light mentioned in Article 2 (a) and if a steam vessel in lieu of that light three lights in a vertical line one over the other not less than 6 ft. apart. The highest and lowest of the lights shall be red and the middle light shall be white and they shall be of such a character as to be visible all round the horizon at a distance of at least 2 miles. (c) A vessel shall carry in a vertical line one over the other not less than 6 ft. apart where they can best be seen three shapes not less than 1 ft. in diameter of which the highest and lowest shall be black balls and the middle one a red triangle. (d) The vessel referred to in this Article when not making way through the water shall not carry the side lights but when making way shall carry them. If the light and shapes required to be shown by this Article are to be taken by other vessels as signals that the vessel showing them is not under command and that they are to get out of the way. These signals are a small vessel in distress and requiring assistance. **Calling Ship Under Way.** *Article 5.* A sailing ship may and an vessel may and shall carry the same lights as are prescribed by Article 2.

(2) Under the Finance Acts, 1910, the rates of duties on motor cars are as follows—

	£	s	d
Motor bicycles and motor tricycles, of whatever horse-power	1	0	0
Motor cars—			
Not exceeding 6½ horse-power	2	2	0
Motor cars—			
Exceeding 6½, but not exceeding 12 h-p	3	3	0
" 12 " " 16 "	4	4	0
" 16 " " 26 "	6	6	0
" 26 " " 33 "	8	8	0
" 33 " " 40 "	10	10	0
" 40 " " 60 "	21	0	0
" 60 " " "	42	0	0

If a duly qualified medical practitioner proves to the satisfaction of the Commissioners or council by whom the licence is granted that any motor car kept by him is kept for the purpose of his profession, he is entitled to an allowance in respect of the duty payable for the car equal to half the amount of duty so payable.

**LIGHT RAILWAYS.**—A light railway is one constructed under the provisions of the Light Railways Act, 1896, but the Commissioners appointed under that Act have authorised many lines which, in their physical characteristics, are indistinguishable from street tramways constructed under the Tramways Act, and to these the term light railways would not be applied in ordinary parlance. Still they differ from ordinary tramways in the important fact that the procedure by which they have been authorised is simpler and cheaper than the methods by which special private Acts of Parliament have to be obtained for tramway projects.

The Railways Construction Facilities Act, 1864, and the Railway Companies Powers Act, 1864, first introduced into the railway field the system, now largely developed, under which persons desirous of obtaining statutory powers for minor, or varying powers as to greater, railway undertakings can be incorporated and obtain them on complying with the conditions of a general Act by a Board of Trade certificate without procuring a special Act. The Regulation of Railways Act, 1868, introduced the system of licences by the Board empowering the construction and working of lines, for which statutory powers had been already obtained.

For the purpose of facilitating the construction and working of light railways in Great Britain, there was established by the Act of 1896 a Commission, consisting of three commissioners, styled the Light Railway Commissioners, appointed by the Board of Trade. Two of the commissioners are now paid, and the unpaid chairman is also a Railway and Canal Commissioner. To these Commissioners applications for orders are made in accordance with certain rules. An application for an order authorising a light railway may be made (a) by the council of any county, borough, or district, through any part of which the proposed railway is to pass, or (b) by any individual, corporation, or company, or (c) jointly by any such councils, individuals, corporations, or companies. Before a council can apply it must pass a special resolution authorising such application.

Economy in capital outlay and cheapness in construction is, indeed, the characteristic generally associated with light railways by the public, and impliedly attached to them by Parliament in the Act of 1896, and any simplifications of the engineering or mechanical features they may exhibit

compared with the standard railways of the country are mainly due to the desire to keep down their expenses.

Before an application for an order is lodged with the Commissioners, the promoters must publish an advertisement once at least in each of two consecutive weeks in April or October, in some newspaper circulating in the area or some part of the area through which the light railway is to pass. The advertisement must describe shortly the land proposed to be taken, and the purpose for which it is proposed to be taken, naming a place where a plan of the proposed works and the lands to be taken, and a book of reference to the plan, may be seen at all reasonable hours, and stating the quantity of land required. The advertisement must also state the proposed gauge and motive power of the railway, and the name of the person, company, or council responsible for the publication of the notice, and where the draft order can be obtained at a price not exceeding 1s per copy, and the notice must also state that any objection to the scheme should be made in writing to the secretary of the Light Railway Commission.

Every application to the Commissioners for an Order must be made in the month of May or of November, being the month in which the notice is advertised, and must be in the case of a corporate body under the seal of such body.

The council of any county, borough, or district, may, if authorised by an order under this Act, (a) undertake themselves to construct and work, or to contract for the construction or working of, the light railway authorised, (b) advance to a light railway company, either by way of loan or as part of the share capital of the company, or partly in one way and partly in the other, any amount authorised by the order, (c) join any other council or any person or body of persons in doing any of the things above-mentioned, and (d) do any such other act incidental to any of the things above-mentioned as may be authorised by the order.

Application and other non-capital expenses of a borough council are met out of the borough fund, and of other district and county councils as general expenses, or, in the last case, may be charged on particular parts of the county, capital expenses are met by borrowing. Where a council makes a loan to a light railway company, the Treasury can also make one, but it must not exceed the amount for the time advanced by the council, nor one-quarter of the railway estimates. Such Treasury loan is also conditional on one-half at least of the railway estimates being provided by share capital, and, one-half at least of that share capital being subscribed and paid up by persons other than local authorities. These Treasury loans carry a minimum interest of 3½ per cent per annum. The Treasury may make a special advance in aid of a light railway which is certified by the Board of Agriculture to be beneficial to agriculture in any cultivated district, or by the Board of Trade to furnish a means of communication between a fishing harbour and a market in a district where it would not be constructed without special assistance from the State.

As a general classification, the Commissioners have divided the schemes that have come before them into three classes: (a) those which like ordinary railways take their own line across country; (b) those in connection with which it is proposed to use the public roads conjointly with the ordinary road traffic, and (c) neutral, which includes inclined

not less than 1 sea mile on the approach of or to other vessels

(c) *Vessels and Boats except Oper Boats* as defined in Sub-division (a) when line fishing with their lines out and attached to or hauling their lines and when not at anchor or stationary within the meaning of Sub-division (A) shall carry the same lights as vessels fishing with drift nets. When shooting lines or fishing with towing lines they shall carry the lights prescribed for a steam or sailing vessel under way respectively. Within the Mediterranean Sea and in the seas bordering the coasts of Japan and Korea sailing fishing vessels of less than 20 tons gross tonnage shall not be obliged to carry the lower of these two lights should they however not carry it they shall show in the same position (in the direction of the lines) a white light visible at a distance of not less than 1 sea mile on the approach of or to other vessels

(d) *Vessels when Engaged in Trawling* by which is meant the dragging of an apparatus along the bottom of the sea—

1. If steam vessels shall carry in the same position as the white light mentioned in Article 2 (a) a tricoloured lantern so constructed and fixed as to show a white light from right ahead to two points on each bow and a green light and a red light over an arc of the horizon from two points on each bow to two points abaft the beam on the starboard and port sides respectively and not less than 6 ft nor more than 12 ft below the tricoloured lantern a white light in a lantern so constructed as to show a clear uniform and unbroken light all round the horizon

2. If sailing vessels shall carry a white light in a lantern so constructed as to show a clear uniform and unbroken light all round the horizon and shall also on the approach of or to other vessels show where it can best be seen a white flare up light or torch in sufficient time to prevent collision. All lights mentioned in Sub-division (d) shall be visible at a distance of at least 2 miles.

(e) *Oyster Dredgers* and other vessels fishing with dredge nets shall carry the same lights as trawlers

(f) *Fishing Vessels and Fishing Boats* may at any time use a flare-up light in addition to the lights which they are by this Article required to carry and show and they may also use working lights

(g) *Every Fishing Vessel and every Fishing Boat* under 150 ft in length when at anchor shall exhibit a white light visible all round the horizon at a distance of at least 1 mile. Every fishing vessel of 150 ft in length or upwards when at anchor shall exhibit a white light visible all round the horizon at a distance of at least 1 mile and shall exhibit a second light as provided for vessels of such length by Article 11. Should any such vessel whether under 150 ft in length or of 150 ft in length or upwards be attached to a net or other fishing gear she shall on the approach of other vessels show an additional white light at least 3 ft below the anchor light and at a horizontal distance of at least 5 ft away from it in the direction of the net or gear

(h) *If a Vessel or Boat when fishing becomes stationary* in consequence of her gear getting fast to a rock or other obstruction she shall in day time haul down the day signal required by Sub-division (f) at night show the light or lights prescribed for a vessel at anchor and during fog mist or falling

snow or heavy rainstorms make the signal for a vessel at anchor. (See Sub-division (d) and the last paragraph of Article 15)

(i) *In Fog Mist Falling Snow or Heavy Rain* storms drift net vessels attached to their nets and vessels when trawling dredging or fishing with any kind of drag net and vessels line fishing with their lines out shall if of 20 tons gross tonnage or upwards respectively at intervals of not more than 1 minute make a blast if steam vessels with the whistle or syren and if sailing vessels with the fog horn each blast to be followed by ringing the bell. Fishing vessels and boats of less than 20 tons gross tonnage shall not be obliged to give the above mentioned signals but if they do not they shall make some other efficient sound signal at intervals of not more than one minute

(j) *All Vessels or Boats Fishin with Nets or Lines or Hauls when under way* shall in day time indicate their occupation to an approaching vessel by displaying a basket or other efficient signal where it can best be seen. If vessels or boats at anchor have their gear out they shall on the approach of other vessels show the same signal on the side on which those vessels can pass

**Other Lights Article 10** A vessel which is being overtaken by another shall show from her stern to such last mentioned vessel a white light or a flare up light. The white light required to be shown by this Article may be fixed and carried in a lantern but in such case the lantern shall be so constructed fitted and screened that it shall throw an unbroken light over an arc of the horizon of 12 points of the compass viz for 6 points from right aft on each side of the vessel so as to be visible at a distance of at least 1 mile. Such light shall be carried as nearly as practicable on the same level as the side lights

**Vessel at Anchor Article 11** A vessel under 150 ft in length when at anchor shall carry forward where it can best be seen but at a height not exceeding 20 ft above the hull a white light in a lantern so constructed as to show a clear uniform and unbroken light visible all round the horizon at a distance of at least 1 mile. A vessel of 150 ft or upwards in length when at anchor shall carry in the forward part of the vessel at a height of not less than 20 and not exceeding 40 ft above the hull one such light and at or near the stern of the vessel and at such a height that it shall be not less than 15 ft lower than the forward light another such light. The length of a vessel shall be deemed to be the length appearing in her certificate of registry. A vessel aground in or near a fairway shall carry the above light or lights and the two red lights prescribed by Article 4 (a)

**Attracting Attention Article 12** Every vessel may if necessary in order to attract attention in addition to the lights which she is by these rules required to carry show a flare up light or use any detonating signal that cannot be mistaken for a distress signal

**Ships of War Article 13** Nothing in these rules shall interfere with the operation of any special rules made by the Government of any nation with respect to additional station and signal lights for two or more ships of war or for vessels sailing under convoy or with the exhibition of recognition signals adopted by shipowners who have been authorised by the respective Governments and duly registered and published

**Steam Vessel under Sail Article 14** A steam



for a steamship under way, with the exception of the white lights mentioned therein, which they shall never carry. Hence a steamship which is being towed must not carry a masthead light. A sailing ship is under way as soon as she ceases to be held by her anchors.

**"Small Vessels Under Way. Article 6** Whenever, as in the case of small vessels under way during bad weather, the green and red side lights cannot be fixed these lights shall be kept at hand, lighted and ready for use, and shall, on the approach of or to other vessels, be exhibited on their respective sides in sufficient time to prevent collision, in such manner as to make them most visible, and so that the green light shall not be seen on the port side nor the red light on the starboard side, nor, if practicable, more than 2 points abaft the beam on their respective sides. To make the use of these portable lights more certain and easy, the lanterns containing them shall each be painted outside with the colour of the light they respectively contain, and shall be provided with proper screens.

**"Steam Vessels Under 40 Tons. Article 7** Steam vessels of less than 40, and vessels under oars or sails of less than 20 tons gross tonnage respectively, and rowing boats, when under way shall not be obliged to carry the lights mentioned in Article 2 (a), (b), and (c), but if they do not carry them they shall be provided with the following lights—

**"1 Steam Vessels of less than 40 tons shall carry** (a) In the fore part of the vessel, or on, or in front of the funnel, where it can best be seen, and at a height above the gunwale of not less than 9 ft., a bright white light constructed and fixed as prescribed in Article 2 (a), and of such a character as to be visible at a distance of at least 2 miles, (b) green and red side lights constructed and fixed as prescribed in Article 2 (b) and (c), and of such a character as to be visible at a distance of at least one mile, or a combined lantern showing a green light and a red light from right ahead to 2 points abaft the beam on their respective sides. Such lantern shall be carried not less than 3 ft below the white light.

**"2 Small Steamboats, such as are carried by sea-going vessels, may carry the white light at a less height than 9 ft. above the gunwale, but it shall be carried above the combined lantern, mentioned in Sub-division 1 (b).**

**"3 Vessels under Oars or Sails, of less than 20 tons, shall have ready at hand a lantern with a green glass on one side and a red glass on the other, which, on the approach of or to other vessels, shall be exhibited in sufficient time to prevent collision, so that the green light shall not be seen on the port side nor the red light on the starboard side.**

**"4 Rowing Boats, whether under oars or sail, shall have ready at hand a lantern showing a white light, which shall be temporarily exhibited in sufficient time to prevent collision. The vessels referred to in this Article shall not be obliged to carry the lights prescribed by Article 1 (a) and Article 11 (last paragraph).**

**"Pilot Vessels. Article 8** Pilot vessels, when engaged on their station on pilotage duty, shall not show the lights required for other vessels, but shall carry a white light at the masthead, visible all round the horizon, and shall also carry a flare-up light or flare-up lights at short intervals which shall never exceed 15 minutes. On the approach of, or to other vessels, they shall have their side lights lighted ready for use, and shall flash or show them

at short intervals, to indicate the direction in which they are heading, but the green light shall not be shown on the port side, nor the red light on the starboard side. A pilot vessel of such a class as to be obliged to go alongside of a vessel to put a pilot on board, may show the white light instead of carrying it at the masthead, and may, instead of the coloured lights above-mentioned, have at hand, ready for use, a lantern with a green glass on the one side and a red glass on the other, to be used as prescribed above. Pilot vessels, when not engaged on their station on pilotage duty, shall carry lights similar to those of other vessels of their tonnage. A steam pilot vessel exclusively employed for the service of pilots licensed or certified by any pilotage authority or the committee of any pilotage district in the United Kingdom, when engaged on her station on pilotage duty and in British waters and not at anchor, shall, in addition to the lights required for all pilot boats, carry at a distance of 8 ft below her white masthead light a red light visible all round the horizon, and of such a character as to be visible on a dark night, with a clear atmosphere, at a distance of at least 2 miles, and also the coloured side lights required to be carried by vessels when under way. When engaged on her station on pilotage duty, and in British waters, and at anchor, she shall carry, in addition to the lights required for all pilot boats, the red light above-mentioned, but not the coloured side lights. When not engaged on her station on pilotage duty, she shall carry the same lights as other steam vessels.

**"Fishing Vessels. Article 9** Fishing vessels and fishing boats, when under way, and when not required by this Article to carry or show the lights hereinafter specified, shall carry or show the lights prescribed for vessels of their tonnage under way—

**"(a) Open Boats, by which is to be understood boats not protected from the entry of sea water by means of a continuous deck, when engaged in any fishing at night with outlying tackle extending not more than 150 ft horizontally from the boat into the seaway, shall carry one all-round white light. Open boats, when fishing at night, with outlying tackle extending more than 150 ft horizontally from the boat into the seaway, shall carry one all-round white light, and, in addition, on approaching or being approached by other vessels, shall show a second white light at least 3 ft below the first light, and at a horizontal distance of at least 5 ft away from it in the direction in which the outlying tackle is attached.**

**"(b) Vessels and Boats, except Open Boats, as defined in Sub-division (a), when fishing with drift nets, shall, so long as the nets are wholly or partly in the water, carry two white lights where they can best be seen. Such lights shall be placed so that the vertical distance between them shall not be less than 6 ft and not more than 15 ft, and so that the horizontal distance between them, measured in a line with the keel, shall be not less than 5 ft and not more than 10 ft. The lower of these two lights shall be in the direction of the nets, and both of them shall be of such a character as to show all round the horizon and to be visible at a distance of not less than 3 miles. Within the Mediterranean Sea and in the seas bordering the coasts of Japan and Korea, sailing fishing vessels of less than 20 tons gross tonnage shall not be obliged to carry the lower of these two lights, should they, however, not carry it, they shall show in the same position (in the direction of the net or gear) a white light, visible at a distance of**

any loss or damage is caused to property or rights of any kind whether on land or on water or whether fixed or movable by reason of the improper navigation or management of the ship. Owners of docks, canals, harbour authorities and conservancy authorities can now limit their liability where, without their actual fault or privity, any loss or damage is caused to any vessel or goods etc. on board such vessel. The amount of their liability is fixed at an aggregate amount not exceeding £8 for each ton of the tonnage of the largest registered British ship which at the time of the accident is or which has within the previous five years been within the area over which such dock or canal owner or authority exercises any power.

The right to limitation of liability may be waived by contract. The ordinary mode of obtaining this limitation of liability is for the shipowner to pay the statutory amount into court in an action in which he asks for a decree limiting his liability to that amount. The various claims are then ascertained and the fund is distributed ratably. Where in a collision both ships have been to blame the whole damage done to the two ships is divided equally between the owners. The half damages on each side are set against one another and the balance is paid by him who has sustained the smaller loss and the same course is followed although one of the shipowners may have obtained a decree limiting his liability, except that the other if the balance is in his favour has only a right of proof for it on the fund.

A shipowner is not answerable for damage to goods carried by him which has been caused by a pilot whom he was compelled by law to employ. Under the Harter Act 1893 of the United States of America clauses which exempt the shipowner from liability for his own or his servant's negligence are void as being contrary to public policy. Limitations of liability in the contract of carriage must be reasonable to be valid and a clause of that kind is regarded as unreasonable. Thus no effect is given to them in the Federal Courts where the contract is governed by the law of the United States nor where the performance is to be wholly or partly within the United States even though the contract has been made abroad with reference to some other law by which the clauses are valid and even though there is an express agreement of the parties that the contract shall be governed by that other law.

**LIMITATIONS STATUTES OF**—This is the name applied to those statutes which fix a limit within which an action must be brought or rather give a right of defence to any person against whom an action is brought if he chooses to avail himself of this legal benefit. A defendant who intends to rely upon any of these statutes must plead the same specially, otherwise he will not be heard upon the point at the trial of the action. The principal statutes referring to contracts and torts are those of James I. passed in 1623 and of William IV. in 1833.

In the case of a simple contract the action must be commenced within six years of the time when the cause of action arose. Thus a tradesman can not sue for the price of goods when six years have elapsed from the date when payment became due. The holder of a cheque must sue upon it within six years of its date. And so it is in the case of any debt which is not a contract under seal. There is however an extension of time allowed in certain cases.

(1) If either of the parties is an infant or insane the six years do not begin to run until the attainment of majority or the recovery of sanity.

(2) If the defendant is beyond the seas or out of the jurisdiction when the cause of action arises the period of limitation does not commence to run until he has returned. But if the cause of action arises and then the defendant removes himself the exception does not apply. The right of action can only be kept alive by successive renewals of the writ of summons.

(3) If the defendant gives a distinct and unconditional acknowledgment of the debt in writing (and this is specially provided for by Lord Tenterden's Act 1808) or pays a part of the debt or pays interest upon the amount due the six years only run from the date of such acknowledgment of the last payment as the case may be.

In the case of a contract under seal twenty years are substituted for six years subject to the same exceptions as above.

As showing how the period of limitation is a weapon of defence simply there is no harm in paying a debt although statute barred and an executor may pay the debt of a testator although the cause of action in respect of it arose more than six years before the date of payment unless an action has been brought upon the debt and the case against the testator dismissed.

The Act of 1874 deals exclusively with real property and it bars the remedy in actions on mortgages or for a legacy after twelve years. This time may be extended in the case of disabilities arising from infancy, lunacy or absence beyond the seas as in the case of contracts but the utmost limit allowed is thirty years not withstanding the existence of one or more disabilities during the whole period.

An English judgment is statute barred after twelve years. A foreign judgment is a judgment obtained in a foreign court is on the same footing as a simple contract debt and must be sued upon within six years.

Trustees were first entitled to claim protection under any Statute of Limitation by the Trustee Act 1888. But there is no right as far as they are concerned if an action is brought against them in respect of a claim—

(1) Founded upon any fraud or fraudulent breach of trust to which any of the trustees was a party or privy or

(2) To recover trust property or the proceeds thereof which is still retained by the trustees or which has been previously received and converted by them to their own use.

As to other civil actions founded in tort actions for slander must be brought within two years (i.e. injuries to the person (including imprisonment) within six years and for trespass to land and goods conversion and all other common law wrongs (including libel) within six years.

Public authorities are specially favoured. By an Act passed in 1933 they cannot be sued except within six months from the time of the arising of the cause of action.

Generally speaking, there is no limit of time placed upon the period within which proceedings may be taken against any person who is charged with a criminal offence. But by various statutes a period of limitation has been set up in certain cases as follows—

vessel proceeding under sail only, but having her funnel up, shall carry, in day time, forward, where it can best be seen, one black ball or shape 2 ft in diameter."

**LIGN ALOES.**—(See *ALOES WOOD*)

**LIGNITE.**—Also known as brown coal. It is a mineral substance of vegetable origin, occupying an intermediate position between peat and coal, and showing traces of its origin in its woody texture. There are large deposits of lignite in Germany, where it is used as a fuel in spite of its unpleasant odour and the smoke it produces. Paraffin oil is distilled from this substance.

**LIGNUM VITÆ.**—The wood of the *Guaiacum officinale*, found in the West Indies. It is remarkable for its hardness, durability, and for the direction of its fibres, and is much used in the manufacture of ships' blocks, pestles, pulleys, bowls, rollers, etc. In colour it is greenish. The same tree produces the resinous product known as *guaiacum* (*qv*).

**LIMA WOOD.**—Also known as *Pernambuco* wood, *Nicaragua* wood, and *Brazil* wood (*qv*). It is a dye wood obtained from the *Cesalpinia echinata*, and used in the production of various tints of red, orange and peach colour.

**LIME.**—A fruit resembling a lemon in its appearance and properties, but usually of smaller size. It is common in South Europe and in the East and West Indies, particularly in Jamaica, which exports large quantities of lime juice. The usual acid fruit is obtained from the *Citrus medica*, while the sweet variety is the fruit of the *Citrus limetta*.

**LIME.**—The white earth obtained by heating carbonate of lime or limestone in a furnace or kiln. The carbonic acid is burned out, and the residue is the oxide of calcium, or lime, known commercially as quicklime. This substance, being very infusible, is used for special crucibles. It is the chief source of blowlight, and is also applied to the mantles of incandescent gas lamps. Slaked lime is obtained by adding water to quicklime. It is largely employed in the manufacture of mortar and as a manure. It is also the basis of lime water, which is used in medicine both internally and externally. Milk of lime is another product of slaked lime. Lime and its compounds are employed in a variety of ways, e.g., in the preparation of hides for tanning, in the manufacture of stearic acid for candles, in the smelting of certain metals, and in the purification of coal gas. The chemical symbol is  $\text{CaO}$ .

**LIME or LINDEN TREE.**—The *Tilia Europæa*, which abounds in Germany and Russia. The inner bark is known as *bast* (*qv*), and is used for the manufacture of peasants' shoes in Russia, as well as for mats, ropes, etc. Sugar may be evaporated from the sap of the tree, and the white, soft, close-grained wood is valued by the carver and turner. The charcoal obtained from it is preferred for the manufacture of gunpowder.

**LIMESTONE.**—A soft, yellowish white rock of wide distribution, composed mainly of carbonate of lime, but containing, in addition, various mineral or organic impurities. Bath stone (*qv*) and Portland stone are two varieties largely employed for building purposes, though easily affected by the atmosphere. Crystalline limestones include marble (*qv*), as well as stalagmite, stalactite, etc., while coral limestone is an example of an organic variety. Limestone is the chief source of lime (*qt*).

**LIMIT.**—(1) The fixed price named by a client to his broker at which he will purchase or sell securities or other merchantable commodities.

(2) The extreme amount of an overdraft which a banker will allow to a customer.

**LIMITATION OF SHIPOWNERS' LIABILITY.**—

Sections 502-509 of the Merchant Shipping Act, 1894, limit the liability of shipowners in certain cases. The owner of a British sea-going ship is not liable for any loss or damage happening without his actual fault or privity to any goods on board his ship by reason of fire, or for the theft of any gold, silver, diamonds, watches, jewels, or precious stones put on board his ship, unless their true nature and value have been declared in writing at the time of shipment. The same exemption as to fire is allowed to the owners, builders, or other parties interested in any ship built at any port or place in His Majesty's dominions from the time of her launch until registration (61 and 62 Vict c 14, Sec 1). The benefit conferred on ships before registration does not extend beyond a period of three months from the launching of the ship. These exemptions will not apply to goods which are intended for the ship, but have not been put on board, as in the case of goods destroyed by fire on board a lighter by which they were being conveyed to the ship. In the case of valuables, the shipowner is protected not only from thefts by his own servants, but also from thefts by passengers.

The owners of a ship, British or foreign, and the owners, builders, or other parties interested in any ship built at any port or place in His Majesty's dominions, from and including the launching of the ship until registration as a British ship, but in no case beyond three months after the launch, can, where the following events happen without their fault or privity, limit their liability, viz (a) Where any loss of life, or personal injury, is caused to any person being carried in the ship, (b) where any damage or loss is caused to any goods, merchandise, or other things whatsoever on board the ship, (c) where any loss of life, or personal injury, is caused to any person carried in any other vessel by reason of the improper navigation of the ship; (d) where any loss or damage is caused to any other vessel, or to any goods, merchandise, or other things whatsoever on board any other vessel by reason of the improper navigation of the ship. The limit of the liability is fixed at the following amounts, viz (1) In respect of loss of life or personal injury, either alone or together with loss of or damage to vessels, goods, merchandise, or other things, an aggregate amount not exceeding £15 for each ton of the ship's tonnage, and (2) in respect of loss or damage to vessels, or goods, whether there is in addition loss of life, or personal injury or not, an aggregate amount not exceeding £8 for each ton of the ship's tonnage. The tonnage of a steamship is her registered tonnage with the addition of any engine room space deducted for the purpose of ascertaining that tonnage, and the tonnage of a sailing ship is her registered tonnage. There is not to be included in such tonnage any space occupied by seamen and apprentices and appropriated to their use which is certified under the regulations. The owner of every sea-going ship is liable in respect of every such loss of life, personal injury, loss of or damage to vessels, goods, etc., arising on distinct occasions to the same extent as if no other loss, injury, or damage had arisen.

This limitation of liability was extended by Section 1 of the Merchant Shipping (Liability of Shipowners and Others) Act, 1900, to all cases where, without the owner's actual fault or privity

any loss or damage is caused to property or rights of any kind whether on land or on water or whether fixed or movable by reason of the improper navigation or management of the ship. Owners of docks, canals, harbours, authorities and conservancy authorities can now limit their liability where, without their actual fault or privity, any loss or damage is caused to any vessel or goods etc. on board such vessel. The amount of their liability is fixed at an aggregate amount not exceeding £8 for each ton of the tonnage of the largest registered British ship which at the time of the accident is or which has within the previous five years been within the area over which such dock or canal owner or authority exercises any power.

The right to limitation of liability may be waived by contract. The ordinary mode of obtaining this limitation of liability is for the shipowner to pay the statutory amount into court in an action in which he asks for a decree limiting his liability to that amount. The various claims are then ascertained and the fund is distributed ratably. Where in a collision both ships have been to blame the whole damage done to the two ships is divided equally between the owners. The half damage, on each side are set against one another and the balance is paid by him who has sustained the smaller loss. In the same course is followed although one of the shipowners may have obtained a decree limiting his liability, except that the other if the balance is in his favour has only a right of proof for it on the fund.

A shipowner is not answerable for damage to goods carried by him which has been caused by a pilot whom he was compelled by law to employ. Under the Harter Act 1893 of the United States of America, clauses which exempt the shipowner from liability for his own or his servant's negligence are void as being contrary to public policy. Limitations of liability in the contract of carriage must be reasonable to be valid and a clause of that kind is regarded as unreasonable. Thus no effect is given to them in the Federal Courts where the contract is governed by the law of the United States, nor where the performance is to be wholly or partly within the United States, even though the contract has been made abroad with reference to some other law by which the clauses are valid, and even though there is an express agreement of the parties that the contract shall be governed by that other law.

**LIMITATIONS STATUTES OF.**—This is the name applied to those statutes which fix a limit within which an action must be brought or rather give a right of defence to any person against whom an action is brought if he chooses to avail himself of this legal benefit. A defendant who intends to rely upon any of these statutes must plead the same specially, otherwise he will not be heard upon the point at the trial of the action. The principal statutes referring to contracts and torts are those of James I. passed in 1613 and of William IV. in 1833.

In the case of a simple contract, the action must be commenced within six years of the time when the cause of action arose. Thus a tradesman can not sue for the price of goods when six years have elapsed from the date when payment became due. The holder of a cheque must sue upon it within six years of its date. And so it is in the case of any debt which is not a contract under seal. There is, however, an extension of time allowed in certain cases.

(1) If either of the parties is an infant or insane the six years do not begin to run until the attainment of majority or the recovery of sanity.

(2) If the defendant is beyond the seas or out of the jurisdiction when the cause of action arises the period of limitation does not commence to run until he has returned. But if the cause of action arises and then the defendant removes himself the exception does not apply. The right of action can only be kept alive by successive renewals of the writ of summons.

(3) If the defendant gives a distinct and unconditional acknowledgment of the debt in writing (and this is specially provided for by Lord Tenterden's Act 1828) or pays a part of the debt or pays interest upon the amount due the six years only run from the date of such acknowledgment of the last payment as the case may be.

In the case of a contract under seal twenty years are substituted for six years subject to the same exceptions as above.

In showing how the period of limitation is a weapon of defence simply there is no harm in paying a debt although statute barred and an executor may pay the debt of a testator although the cause of action in respect of it arose more than six years before the date of payment unless an action has been brought upon the debt and the case against the testator dismissed.

The Act of 1874 deals exclusively with real property and it bars the remedy in actions on mortgages or for a legacy after twelve years. This time may be extended in the case of disabilities arising from infancy, lunacy or absence beyond the seas as in the case of contracts, but the utmost limit allowed is thirty years notwithstanding the existence of one or more disabilities during the whole period.

An English judgment is statute barred after twelve years. A foreign judgment is a judgment obtained in a foreign court is on the same footing as a simple contract debt and must be sued upon within six years.

Trustees were first entitled to claim protection under any Statute of Limitation by the Trustee Act 1888. But there is no right as far as they are concerned if an action is brought against them in respect of a claim—

(1) Founded upon any fraud or fraudulent breach of trust to which any of the trustees was a party or privy or

(2) To recover trust property or the proceeds thereof which is still retained by the trustees or which has been previously received and converted by them to their own use.

As to other civil actions founded in tort, actions for slander must be brought within two years for injuries to the person (including imprisonment) within four years and for trespass to land and goods conversion and all other common law wrongs (including libel) within six years.

Public authorities are specially favoured. By an Act passed in 1893 they cannot be sued except within six months from the time of the arising of the cause of action.

Generally speaking there is no limit of time placed upon the period within which proceedings may be taken against any person who is charged with a criminal offence. But by various statutes a period of limitation has been set up in certain cases as follows—

- (1) Treason (except endeavouring to assassinate the Sovereign), if committed in Great Britain: three years
- (2) Training in arms and military exercises: six months
- (3) Night poaching: twelve months
- (4) Offences against the Customs Acts: three years
- (5) Various offences under the Criminal Law Amendment Act, 1885: three months

**LIMITED.**—This is the important word which must be added at the end of the name of any joint stock company to indicate to the world that it is formed under the Companies Act—now the Companies (Consolidation) Act, 1908, which has repealed and, in the main, re-enacted the provisions of the various Acts previously in force. It is essential that the word should appear upon every document issued by the company, and the name itself must be printed or affixed to the outside of every office or place where the company carries on its business, under the risk, if omitted, of heavy penalties.

In certain cases the word "limited" may be dispensed with by leave of the Board of Trade, especially where an association is formed for the promotion of art, science, religion, charity, etc., and there is no intention on the part of the promoters that any portion of the funds of the association shall be devoted to any other purposes than the advancement of the objects of the association, and that no dividends shall be paid to the members.

All these points, as well as the improper use of the word "limited," are fully noted in the article MEMORANDUM OF ASSOCIATION.

**LIMITED AND REDUCED.**—When a company presents a petition to the court for leave to reduce its capital (see REDUCTION OF CAPITAL), and such leave is granted, the words "limited and reduced" are almost invariably ordered to be added to the main name of the company for a certain period, to be fixed by the court.

**LIMITED LIABILITY.**—It is one of the greatest advantages of limited companies, so far as the shareholders are concerned, that the full extent of liability is known. If a shareholder pays up the whole of the nominal value of his shares he has nothing to fear, so far as to any further claim. Sometimes, however, only a fractional part of the nominal amount of the shares is paid up, and then the liability which is outstanding may be very serious. The first step taken by any member of the public who wishes to become a shareholder in a company is to apply for a certain number of shares. If an allotment is made, the applicant must take the shares allotted to him, and the agreement is one that will be specifically enforced if necessary. Upon the entry of his name upon the register, he becomes a member of the company. From that moment liability commences, so far as the company is concerned. The extent of the liability extends to the amount which at any time remains unpaid upon his shares, and a shareholder can only escape from this liability, under certain conditions, by transferring his shares before the company is wound up. In most cases it is the practice for the whole of the nominal value of the shares to be called up within a comparatively short period, and then all anxiety is to the future is at an end. But if there is any part of the nominal amount of the shares outstanding, the holder for

the time being is always liable, the transferee taking the place of the transferor on the register. Thus, if A applies for 100 £1 shares in a company, upon which he pays 5s on application and 5s on allotment, and no further call is made at once, he is liable up to £50 in case it becomes necessary for the company to obtain additional sums from its shareholders. The part or the whole of this sum of £50 may be demanded by means of "calls" (*q.v.*), but if A transfers his shares to B before any call is made, A ceases to be liable, in ordinary circumstances, for any part of this £50, because B has taken his place as a member of the company. The liability of A is at an end, and the company must look to B. It is, however, in the winding-up of a company that the position of a shareholder, who holds shares which have not been fully paid up, becomes a matter of supreme interest; that is, when the shareholder or member becomes what is known as a "contributory", and it is to the article on CONTRIBUTORIES that reference should be made.

**LIMITED LIABILITY COMPANIES.**—(See COMPANIES.)

**LIMITED PARTNERSHIPS.**—One of the principal rules of the general law of partnership (*q.v.*) is that every partner is fully liable for the debts and liabilities of the firm. By an Act passed in 1907, and known as the Limited Partnerships Act, it is now possible for a sleeping partner to escape from this heavy responsibility, while still retaining a pecuniary interest in the fortunes of the firm. This is done by a rather free adaptation of the principles of company law, and by providing for the registration of the partnership as a "limited partnership." A limited partnership must not consist, in the case of a partnership carrying on the business of banking, of more than ten persons, and, in the case of any other partnership, of more than twenty persons, and must consist of one or more persons called "general partners," who will be liable for all debts and obligations of the firm, and one or more persons to be called "limited partners," who must at the time of entering into the partnership contribute thereto a sum or sums as capital, or property valued at a stated amount, and who will not be liable for the debts or obligations of the firm beyond the amount so contributed. This amount must not be withdrawn during the continuation of the partnership, and if any part is withdrawn the limited partner will be liable for the debts and obligations of the firm up to the amount so withdrawn. A body corporate may be a limited partner. Subject to the above important restriction, the general law of partnership (*q.v.*) will apply to limited partnerships, but with the following modifications—

(1) A limited partner cannot take part in the management of the partnership business, nor bind the firm by his acts. If he does, he becomes a general partner and fully liable. He may, however, inspect the business books, and confer with and advise the partners on the state and prospects of the business.

(2) The partnership will not be dissolved by the death or bankruptcy of a limited partner, and his lunacy will only be a ground for dissolution when his share cannot be otherwise ascertained and realised.

(3) Applications to wind up a limited partnership will be made in much the same way as to wind up a company (*q.v.*), and the rules of court regulating such last-mentioned winding-up will apply as far

as may be Special Limited Partnership (Winding up) Rules were made in 1909.

(4) In the event of a dissolution the general partners will wind up the affairs of the partnership unless the court otherwise orders.

(5) Subject to any agreement expressed or implied between the partners any difference arising as to ordinary matters may be decided by a majority of the general partners a limited partner may be allowed to assign his share his consent will not be required to the introduction of a new partner he may allow his share to be charged for his separate debt and he will not be entitled to dissolve the partnership by notice.

A limited partnership must be registered with the registrar of joint stock companies by delivering to that official a statement signed by the partners containing full particulars of the business etc. Any change in the partnership must be registered in a like manner. The registered statements are filed and indexed and are open to public inspection on payment of a small fee. (See also PARTNERSHIP.)

**LINER**.—This term is used as a kind of collective name for a fleet of steamers trading between certain ports.

**LINEN**.—A fabric manufactured from the fibres of the flax plant (*gr*) which grows largely in Russia Saxony Belgium Holland Italy North France and in various parts of Asia and America. Belfast in Ireland Dundee and Arbroath in Scotland and Leeds and Barnsley in England are the chief centres of the linen manufacture in the United Kingdom. Lawn cambric and other fine linen textures are produced chiefly in Ireland while the Scotch towns are engaged in turning out heavier fabrics such as sail cloths and canvas and England manufactures diapers and damasks of medium weight. France Belgium and Germany have also important linen manufactures. The exports from the United Kingdom are very large but the increasing popularity of jute has already affected the output of the coarser linen goods. Cotton is also a competitor and many so-called linen fabrics of the finer sort e.g. handkerchiefs are mixtures of linen and cotton.

**LING**.—An important product of the British fisheries. It is a fish of the cod family and its flesh either fresh or salted is much used for food. The liver yields an oil somewhat resembling cod liver oil and used in the Shetlands for illuminating purposes. This fish is also found off the coast of Newfoundland.

**LINOLEUM**.—A strong floor cloth made principally at Kirkcaldy in Fife by incorporating ground cork with indiarubber rolling the mass into sheets and spreading it on a strong canvas foundation. Oxidized linseed oil usually forms the binding material in the composition of linoleum and in the cheaper varieties it is used with sawdust peat chalk pitch and other substances which replace the cork and caoutchouc. Linoleum is in every way superior to oil cloth being stouter more durable and warmer to the feet. It is easily stained for receiving surface patterns but the indurated linoleum, consisting of pieces of different colours is of course far preferable as the pattern cannot wear off.

**LINSEED**.—The valuable seed of the flax plant *Linum catharticum*. It uses are many and varied. Linseed tea is an infusion employed medicinally for its soothing properties in cases of colds and bronchial affections. Linseed oil is extracted by running the seeds and subjecting them to enormous pressure.

By this method the best colourless and tasteless oil is obtained while the amber coloured variety with the unpleasant taste is extracted by heating. The oil is much used in the preparation of varnishes oil paints calciliths printing ink etc. It is frequently boiled before use as its natural drying properties are enhanced by this process. The alkali left after the oil has been extracted is useful as a cattle food and for poultices though the linseed meal required in the latter case should consist of the ground flax seed itself. A liniment consisting of linseed oil and lime water is known as arton oil having been first applied as a remedy for burn at the Carron ironworks in Shropshire.

**LINT**.—The soft woolly material used in surgery for applying ointments lotions etc. and for soaking up discharges. It is a linen fabric with one side specially soft and fluffy. Lint was formerly made by scraping down old linen cloth but it is now prepared by machinery.

**LIQUORS**.—Alcoholic beverages prepared from strong spirit and afterward sweetened and flavoured. Among the best known are Chartreuse Benedictine and the curaçon. *ser kummel* maraschine *noyau crème de menthe* or *peppermint* and cherry brandy all of which are dealt with under their respective headings.

**LIQUIDAMBAR**.—A genus of odoriferous trees valuable for the resin they exude. The *Liquidambar orientale* of Asia Minor yields a soft viscous dark brown resin known as liquid storax which is used medicinally in cases of chronic bronchitis and is also employed for scenting tobacco and for preserving woollen articles from the attacks of moth. It is exported only from Smyrna. The commonest species is the *Liquidambar styraciflua* which is a native of the United States and Mexico. This species is also called the sweet gum.

**LIQUID ASSETS**.—(See ASSETS.)

**LIQUIDATED DAMAGES**.—As to these see article on DAMAGES. In addition to what is there stated attention may be drawn to the special procedure provided for the recovery by action of damages of this nature. As a general rule the amount of damages to be awarded to a plaintiff must be assessed by some tribunal usually by a jury or jury and consequently the action must go for trial even though the defendant has no real defence and even though he does not appear to answer the plaintiff's claim. But in order to avoid unnecessary expense and delay a short method of procuring judgment is provided for when the damages claimed are liquidated that is a definite sum which has been fixed upon and agreed by the parties as the amount to be paid by the one who makes default in carrying out the contract or a sum expressly made recoverable as liquidated damages by statute.

Order 3 Rule 6 of the Rules of the Supreme Court, 1883 provides that in all actions in the High Court of Justice where the plaintiff seeks only to recover a debt or liquidated demand in money payable by the defendant with or without interest arising (a) upon a contract express or implied (a) for instance on a bill of exchange promissory note or cheque or other simple contract debt) or (b) on a bond or contract under seal for payment of a liquidated amount of money or (c) on a statute where the sum sought to be recovered is a fixed sum of money or in the nature of a debt other than a penalty or (f) on a guarantee whether under seal or not where the claim against the plaintiff is in respect of a debt or liquidated demand.

only, or (e) on a trust, or (j) in actions for the recovery of land, with or without a claim for rent or mesne profits, by a landlord against a tenant whose term has expired or has been duly determined by notice to quit, or has become liable to forfeiture for non-payment of rent, or against persons claiming under such tenant, the writ of summons may, at the option of the plaintiff, be specially indorsed with a statement of his claim, or of the remedy or relief to which he claims to be entitled. If, on being served with the writ, the defendant does not appear within due time, the plaintiff may at once enter final judgment for the amount of his liquidated demand (Order 13, Rule 3). If the defendant does appear, the plaintiff may require him at once to satisfy the court that he has a good defence, and, if the defendant fails to do this, the plaintiff may obtain leave to enter final judgment against the defendant for the amount indorsed on his writ (Order 14). If the plaintiff claims in a county court payment of a debt or liquidated money demand, he may issue a default summons, and, unless the defendant gives notice of his intention to defend, may obtain judgment thereon without the necessity of the case going to trial.

**LIQUIDATION.**—A course of settlement or the closing up of all business transactions, or the winding-up of any company or business. When a joint stock company is being thus wound up it is said to be in liquidation.

**LIQUIDATION ACCOUNTS.**—The accounts of liquidators, unless the transactions involve the carrying on of the business of the company which is in liquidation, are not of a very complicated character. The legal provisions respecting the accounts, however, are of some importance, and require very careful consideration by all who are called upon to perform these important duties. It must be remembered that a liquidator of a company in voluntary liquidation is practically the sole trustee of the whole property and effects of the company in process of dissolution. He acts as the sole arbiter between the rights of the various contributories (*qv*) of different classes and of the creditors, so that, although the accounts involved, except when trading, merely amount to recording the various sums received and paid out in proper chronological order, it is necessary that the greatest pains should be taken to see that these functions are performed with the utmost precision.

Liquidations are carried on under three different classes—

- 1 Voluntary liquidations
- 2 Liquidations under supervision of the court
- 3 Liquidations by the court, *i.e.*, compulsory liquidations

As regards the first, the Companies (Consolidation) Act, 1908, Sections 194 (2) and 195 (1), require the liquidator at the end of each year to compile and lay before the contributories and creditors, at a meeting to be properly convened, an account of his acts and dealings, and of the general conduct of the winding-up proceedings during the year, but in any case as soon as the affairs of the Company have been completely disposed of, he is required to make a final account of his receipts and expenditure, rendered in appropriate order, which account shall be laid before the general meeting to be convened in the manner provided.

**Voluntary Liquidation Accounts.** The accounts of a liquidator in a voluntary winding-up are not required to be kept in any stated form. He is

therefore, left to determine for himself the best means at his disposal for recording the receipts and payments in connection with his stewardship. Where the winding-up is of a simple, straightforward character, which involves the completion of the proceedings at the earliest possible date, the accounting system is of the simplest description, merely demanding the existence of a cash book in which to record, in chronological order, the amounts received on the one hand and those disbursed on the other. As, however, he will have made many payments and received several sums under the same headings, it will be necessary to have, in addition, a small ledger, wherein the receipts and expenditure may be summarised in a suitable way to facilitate the preparation of his return to the contributories and creditors, or such others as may be concerned, *e.g.*, debenture holders. If, however, the liquidation involves the indefinite carrying on of the business on its original footing, the ordinary books of account must be maintained, or modified in such a way as he may deem expedient for the better exposition of the economic condition of the business during such time as trading under his liquidatorship continues, regard must be had to the fact of the probability of inefficient book-keeping, which may have materially contributed to the Company's impoverished circumstances.

**Liquidation under Supervision.** In liquidations under the supervision of the Court, liquidators are required by Section 155 of the same Act to compile an account of receipts and expenditure upon a prescribed form, not less than twice in each year during such time over which the liquidation is extended. This account is to be duplicated, and is to be verified by statutory declaration in manner prescribed on the official form. The account is audited by the Board of Trade, and the liquidator has to furnish to the officials all information, books, and vouchers which they may require for the purpose of that audit. After audit, one copy of the liquidator's account will be retained at Somerset House—the other is filed by the officials of the Court, and either copy is open to the inspection of any creditor or contributory, or such other person as may claim to have an interest in the liquidated Company. All accounts have to be printed after audit, and a copy is sent to every creditor and contributory (A specimen form of account prescribed by the above-named Section appears opposite).

**Compulsory Liquidation.** Where by order of the Court an insolvent Company is to be wound up, the directors, secretary, or other important officials are required to make up a statement of affairs on proper forms supplied by the Board of Trade. These forms are almost upon the same lines as those required to be filled in by the debtor under the bankruptcy laws.

**LIQUIDATOR.**—This is the person who is employed in adjusting and settling any matter connected with an estate in case of dispute, though the term is most frequently found in connection with the winding-up of joint-stock companies. He is then a person appointed by the court. His business is, in the main, to realise the assets of the company, meet its liabilities as far as possible, and to distribute the balance (if any) amongst the partners who are entitled. Sometimes a liquidator acts alone, but in cases of any magnitude he is almost invariably assisted by a committee of inspection. The remuneration to be paid is generally fixed by the committee of inspection.

IN THE HIGH COURT OF JUSTICE

In the Matter of THE COMPANIES (CONSOLIDATION) ACT 1908

In the Matter of THE SPITSBERGEN GOLD STORE COMPANY LIMITED

### SUMMARY OF LIQUIDATOR'S ACCOUNTS

From 7th February 19 to 4th August 19

Issued by the Board of Trade under the provision of Sec. 15 of the Customs Act, 1901 (C.R. 1901, p. 14).

[illegible]

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minerals in Sweden and elsewhere, usually in combination with silica. A series of medicinal salts is obtained from its oxide, known as lithia. Carbonate and citrate of lithia are used in gout, rheumatism, and similar diseases caused by the presence of uric acid.

**LITHOGRAPHIC STONE.**—A variety of limestone or combination of lime, clay, and siliceous earths used for taking impressions in lithography. The stones are hard, fine grained, and compact, and are usually prepared from thin slabs, being afterwards cut and polished. The chief exporting countries are Italy, France, and Bavaria, the last-named country supplying the best variety. The natural stones have now to compete with an artificial product consisting of zinc with thin coatings.

**LITMUS.**—A colouring material obtained, like archil, from various species of lichens, but differing in the method of preparation. It is a valuable test in chemistry, turning red or blue according to the presence of acids or alkalis respectively.

**LITRA.**—(See FOREIGN WEIGHTS AND MEASURES—GREECE.)

**LITRE.**—The unit of capacity under the metric system (*qv*). It is a cubic decimetre, and is equivalent to about 1.7608 English pints.

**LITRO.**—(See FOREIGN WEIGHTS AND MEASURES—ITALY.)

**LITRON.**—(See FOREIGN WEIGHTS AND MEASURES—BELGIUM.)

**LIVE STOCK INSURANCE.**—(See INDemnITY INSURANCE.)

**LIVERYMAN.**—The name applied to a freeman of the City of London, who is entitled to the privileges of the company of which he is a member.

**LIVERY OF SEISIN.**—The old method of delivering up possession of landed property. It consisted in a kind of physical transfer, the holder doing some act by means of which he made it apparent that he was vacating his position and handing it over to another person. Sometimes this was done by actual entry upon the land, sometimes by the delivery of a piece of turf or a twig.

**LIVERY STABLES.**—A horse is said to stand at livery when it is placed in the stables of a person called a livery stable keeper, who holds it and delivers it at the owner's orders whenever it is required. It is this obligation to deliver which the word "livery" indicates. So that a livery-stable is a stable where horses are fed, stabled, and cared for in return for payment to the keeper of the stable. A livery-stable is, in fact, a boarding-house for horses, though there is another sense in which the term is used, so that it means stables where horses are kept in readiness to be hired for riding or driving. We shall speak of a livery-stable as a place which is kept by a livery-stable keeper for the reception of other people's horses.

The contract which a livery stable keeper makes with the owner of a horse is entirely what the parties choose to make it. The livery-stable keeper is not like an innkeeper, who has special privileges and responsibilities imposed by law in regard to horses that are placed in his stables. In an old case it was attempted to prove that a person who let lodgings and supplied victuals at certain prices and stabling for his lodgers' horses, was an innkeeper and liable to have soldiers quartered on him. But it was held that in such circumstances the livery-stable keeper was not an innkeeper. Consequently, a man may offer premises for guests or lodgers, and stable their

horses or the horses of the public who may put them at livery with him, without taking out the licence of an innkeeper, so long as he does not supply alcoholic drinks. An innkeeper is absolutely responsible for the theft or loss of a horse which a guest places in his stable, but it is otherwise with a mere livery-stable keeper, who is only responsible if negligence is proved against him, or perhaps if he himself fails to prove that he took proper care. On the other hand, neither the livery-stable keeper nor his customers with horses at livery have certain privileges which innkeepers and their guests enjoy. A guest who places his horses in the stables of an innkeeper is protected from any distrainer for rent put in by the innkeeper's landlord. But a person who sends his horse or his carriage to livery stables has not this protection. In a case of *Parsons v. Gingell* in 1847 (4 C.B. 545), horses and carriages that were standing at livery were distrained, and it was held that they were not exempt from distress for rent. It was said on behalf of those resisting the distress that a livery-stable keeper takes in horses to keep, feed, and clean, and take care of, and that persons, who sent their horses to have this sort of work done on them were in the position of persons who send horses to the smith to be shod, or where goods are sent to be manufactured or work done on them, and not merely to occupy the premises. But in all these cases the person who does the work has the right of lien, that is, of detaining the article on which the work is done for the payment of his charges. Yet in the case of livery-stable keepers it had been decided many years before *Parsons v. Gingell* that they had not a lien for the keep of horses left with them as an innkeeper or those classes of tradesmen or artisans above-mentioned. Besides, it had also been held that a carriage at livery was distrainable, it was merely occupying the premises. This mere occupancy was the principle on which it was decided that horses are distrainable. If they are sent to the stables merely to be fed and groomed, and then sent back to the owner, they would be free from distraint, as other goods are on which work is done. But if the horses are sent there for the purpose of being kept on and occupying the premises, and the cleaning and grooming and feeding are done as incidental to this principal object, then there is no protection from distraint. They are sent for the purpose of being there merely at the will of the owner and not for the sake of work being done on them. It is evident therefore, that before horses are sent to livery it is important to be sure of the good credit and solvency of the livery-stable keeper. And the livery-stable keeper has not the same right of lien that the innkeeper has for the keep of horses staying with him, because he is not, like the innkeeper, compelled to find accommodation for the horses or carriages of people in the position of guests, but can make a contract or not as he pleases. Thus, though he has no lien by law, the livery-stable keeper may bargain that a horse may be secured for money advanced and for its keep. If the owner improperly takes the horse out of the possession, so as to defeat the lien, he may recover it, and he will not be answerable for so doing as his lien still subsists. Neither without such a special agreement has the livery-stable keeper any lien for expenses incurred by him on the horse at the owner's request. This was held in a case of *Orchard v. Rach-trau*, in 1850 (9 C.B. 698), where a livery-stable keeper had, at the request of the horse's owner, employed a veterinary surgeon to bleed the





BE IT KNOWN THAT

AB—Corn fish salt fruit flour and eed are warranted  
be stranded—sugar tobacco hemp flax hides and skins are warranted  
percent and all other goods also the ship and freight are warranted  
percent unless general or the ship be stranded







an anchor broken off, in a place of usual anchorage and under no extraordinary circumstances of wind and weather, this is ordinary wear and tear which falls on the owner alone, and for which the underwriter is not liable, if, on the other hand, the same thing occurred in a place of unusual anchorage, or even in the usual anchorage ground in a gale of extraordinary violence, the underwriter would be liable for the loss as caused by the perils of the sea.

The expression has the same meaning in a contract of sea carriage as it has in a marine policy, but in the case of a contract of carriage the court looks to what has been termed the remote as distinguished from the proximate cause of damage, whereas in the case of a policy the proximate cause can alone be regarded, and thus under a policy a loss caused by a peril of the sea to the thing insured, which would not have arisen except for the negligence of the assured's servants on board the ship, is recoverable from the underwriter, while, in the like case, under a contract of sea carriage, in spite of the ordinary exception of losses by perils of the sea, the shipowner would still be liable, unless he has expressly excepted liability for his servants' acts or negligence. Examples of losses by perils of the sea:

- (1) Foundering at sea, when proximately caused by the fury of storms and tempests.
- (2) Shipwreck, when caused by the ship being driven ashore, or on rocks and shoals in the mid-seas, by violence of the winds and waves.
- (3) Loss by stranding, but not where the ship takes the ground in the usual course of the voyage, and without the intervention of any extraordinary casualty, there must be something fortuitous to make the underwriters liable, where a ship insured "against capture only" is driven by stress of weather on the enemy's coast, and without having received any material damage, is there captured, this is a loss by capture recoverable under the policy, and not a loss by perils of the sea, where there has been a total loss by capture, and the ship is afterwards destroyed by a peril of the seas, it is the capture, and not the peril of the sea, which as between the shipowner and the insurers is the cause of the loss.
- (4) Damage by sea water.
- (5) Damage by collision for which the ship carrying the cargo is not to blame.
- (6) Damage by a sunken rock, an iceberg, or a shoal, or cannon shot which lets in sea-water.
- (7) Damage to cargo by rough weather.
- (8) Wear and tear of the voyage, when not originally sufficient, and not improperly done.
- (9) Arrest or detention.

"Robbers" means not thieves, but robbers by force, and "pirates, robbers, and thieves of whatever kind, whether on board or not, or by land or sea," does not cover thefts committed by persons in the service of the ship. In order to obviate all doubt as to the construction of the word "thieves," some American policies, instead of "pirates, robbers, and thieves," contain the words "pirates and assailing thieves." In modern bills of lading the exception sometimes runs: "Pirates, robbers, or thieves, whether on board or not." In this form it protects the shipowner against thefts by passengers or strangers on board, but not against thefts by the crew, or by other persons in the employ of the shipowner, such as stevedores doing the work the shipowner has undertaken to do.

"*Restraint of Princes*" The term "arrests, etc., of kings, princes, and people" refers to political or executive acts, and does not include a loss caused by riot or by ordinary judicial process. By the word "people" is meant, not mobs or multitudes of men, but the ruling power of the country whatever that may be. The term "restraint of princes" applies not only to hostile acts, but also to those which are committed by the government of which the assured is a subject. The operation of a municipal law which prevents the delivery of goods at their destination is a "restraint of princes." Embargoes are the most common cases of "arrests of princes." An embargo is an order of government, generally, but not always, issued in contemplation of hostilities, prohibiting the departure of ships or goods from some or all of the ports within its dominions.

"*Barratry*" This term includes every wrongful act wilfully committed by the master or crew to the prejudice of the owner, or, as the case may be, the charterer.

"*All Other Perils*." This term includes only perils similar in kind to the perils specifically mentioned in the policy. These words do not extend the protection of the policy to all perils that may come to the hurt, detriment, or damage of the thing insured, but they are confined to perils of the same nature as those previously enumerated. The assured, as a general principle, may recover from the underwriter in respect of any extraordinary expenditure which he has necessarily incurred in consequence of any of the perils insured against, and also in respect of all charges or contributions which, either by the law of the land, or the general maritime law, are attached as a direct legal consequence to these perils.

"*Average unless General*" This term means a partial loss of the subject-matter insured other than a general average loss, and does not include "particular charges." By these words the underwriter is exempted from liability for anything less than a total loss, except it is of the nature of a particular average, but for general average losses he is in all cases liable.

"*Stranded*" Where the ship has stranded, the insurer is liable for the excepted losses, although the loss is not attributable to the stranding, provided that when the stranding takes place the risk has attached, and, if the policy is on goods, that the damaged goods are on board. On a stranding of the ship the whole damage done is claimable, whether traceable to the stranding or not, even when the damage takes place first and the stranding follows, or where the stranding takes place first and the ship gets off and the damage follows.

course of the voyage. When therefore a stranding takes place the policy must be constructed as if there was no limitation in respect of particular average liability such as is laid down in the memorandum but in the case of goods this exception out of the memorandum only applies to such goods as are at risk in the ship at the time of the stranding and during the prosecution of the adventure. Where however the stranding takes place after the memorandum articles have ceased to be at risk this does not render the underwriters liable for an average loss sustained by them in the course of the voyage for the stranding contemplated by the memorandum must be one which takes place after the adventure on the memorandum articles has commenced and before it has terminated. The words or the ship be stranded are exclusively confined to the stranding of the ship and the stranding of a lighter in which goods are being conveyed from the ship to the shore is not within this exception. In marine insurance a touch and go is not a stranding. In order to constitute a stranding the ship must be stationary. If the ship merely touches or strikes and gets off again how much soever she may be injured she is not stranded but if she settles and remains for any time this is a stranding without reference to the degree of damage which she sustains. A resting for fifteen or twenty minutes has been held to be a stranding whether it is upon a bank or a rock. It is not however every stationary taking of the ground that constitutes a stranding. Thus where a vessel takes the ground in the ordinary and usual course of navigation and management in a tidal river or harbour upon the ebbing of the tide or from a natural deficiency of water so that she may float again upon the flow of the tide or increase of the water this is not a stranding within the meaning of the memorandum. Where a vessel took the ground in a tidal harbour where it was intended she should do so at the time she was moored and was injured by striking against some hard substance this was considered not to be a stranding.

**Ship.** This term includes the hull, materials and outfit, stores and provisions for the officers and crew and in the case of vessels engaged in a special trade the ordinary fittings requisite for the trade and also in the case of a steamship the machinery, boilers and coals and engine stores if owned by the assured. Hull in a policy on hull and machinery does not cover cargo, engine room and deck stores, provisions and coal in stores, port expenses and advances on premiums. The Merchant Shipping Act 1894 (Sec. 742) thus defines the terms vessel and ship. Vessel includes any ship or boat or any other description of vessel used in navigation. Ship includes every description of vessel used in navigation not propelled by oars.

**Freight.** This term includes the profit derivable by a shipowner from the employment of his ship to carry his own goods or movables as well as freight payable by a third party but does not include passage money. This word has a more extensive signification in insurance law than in the general law of shipping and is used comprehensively to denote the benefit derived by the shipowner from the employment of his ship. Freight strictly speaking is between the shipowner and the freighter as the price to be paid by the latter to the former for the carriage of goods in the ship

and is only payable on the arrival of the goods at their port of destination but in policies of insurance it also denotes that which is less properly called freight viz. the price agreed to be paid by the charterer to the shipowner for the hire of his ship or a part of it under a charter party or other contract of affreightment and also the benefit which the shipowner expects to derive from the carriage of his own goods in his own ship in the shape of their increased value to him at the port of delivery. In whichever of these three senses the word is used it is a lawful subject of marine insurance. The hire paid to the shipowner for the use of the entire ship whether the payment is by a lump sum or at specified rates for cargo carried is described as chartered freight. When insuring chartered freight it is prudent to insure it under that designation thereby giving the underwriter notice of the charter party. Generally speaking the shipowner alone has an insurable interest in freight but the cargo owner as well as the shipowner has an insurable interest in the freight to this extent viz. that if he has to pay full freight for goods which arrive in a damaged state he suffers a loss on the elements which go to make up the price of goods at the port of delivery. In some cases however the charterer may have an insurable interest in freight. In the case of advance freight the person advancing the freight has an insurable interest in so far as such freight is not repayable in case of loss. Advance freight may be insured under the simple designation of freight and need not be described as advance.

**Goods.** This term means goods in the nature of merchandise and does not include personal effects or provisions and stores for use on board. In the absence of any usage to the contrary deck cargo and living animals must be insured specifically and not under the general denomination of goods. Bank notes and bills of exchange should if possible be specifically described. A policy on goods means only such goods as are merchantable and cargo put on board for the purposes of commerce. Hence it is that clothes and other personal effects are not covered by a general policy on goods and merchandise nor the ship's provisions even though the ship carries nothing but passengers. The term goods without any marginal addition will cover substituted cargoes where the policy is out and home or when it insures voyages to successive ports or is a time policy. Whenever the goods are specified in the policy if no property of the assured is on board which fairly answers the description given the policy will not attach.

**Particular Charges.** are those expenses which are incurred in preserving the cargo such as warehousing, drying, packing, etc. They are termed charges to distinguish them from particular average damage which is caused directly by the perils insured against. They are recoverable from underwriters when incurred after the arising of a peril insured against in order to prevent such peril causing a loss for which the underwriters would be liable if it was so caused. In this event they are charges incurred in and about the defence and safeguard of the subject matter of insurance within the suing and labouring clause.

**Sue and Labour Clause.** Where the policy contains a suing and labouring clause the claimant thereon entered into is deemed to be supplementary to the contract of insurance and the assured may recover from the insurer any expenses

properly incurred pursuant to the clause, notwithstanding that the insurer may have paid for a total loss, or that the subject-matter may have been warranted free from particular average, either wholly or under a certain percentage. General average losses and contributions and salvage charges are not recoverable under the suing and labouring clause. Expenses incurred for the purpose of averting or diminishing any loss not covered by the policy are not recoverable under the suing and labouring clause. It is the duty of the assured, in all cases, to take such measures as may be reasonable for the purpose of averting or minimising a loss. Under this clause the underwriter is only liable for the expenses of "suing and labouring by the assured, his factors, servants, and assigns," and the re-insurer is thus not liable under a re-insurance policy for such work done by the insured's servants. Expenses payable under the sue and labour clause must have been incurred to prevent an impending loss when the subject of insurance is actually in peril, but if the goods are in safety and undamaged when the expense is incurred, the cost will not be a sue and labour expense.

**"Waiver Clause"** The object of this clause is to insure that when the assured has given notice of abandonment, and claimed for a constructive total loss, the legal position of neither party is to be prejudiced by any act done by him for the purpose of averting a loss.

**"Memorandum"** The measure of indemnity for partial losses may be qualified by express terms in the policy, and the commonest example of this is the memorandum in the Lloyd's policy, which is as follows: "Corn, fish, salt, fruit, flour, and seed are warranted free from average, unless general or the ship be stranded. Sugar, tobacco, hemp, flax, hides, and skins are warranted free from average under five pounds per cent, and all other goods, also the ship and freight are warranted free from average under three pounds per cent, unless general or the ship be stranded." The words "sunk or burnt" have within recent years been frequently added. As the word "average" is used here, it means partial loss by perils insured against, and the intention therefore, of the words "warranted free from average" is that the underwriter, as to the articles mentioned in the first clause of the memorandum, stipulates to be free from liability for any extent of deterioration which does not amount to a total loss, actual or constructive, or a general average loss. And as to the articles subsequently enumerated he makes the same stipulation as to all damage which does not amount to 5 per cent, or 3 per cent of their prime cost, or insured value; it being understood in both cases that, if the loss amounts to the agreed percentage, he will pay the full amount.

As to the stamping of a policy, see MARINE INSURANCE.

**LLOYD'S REGISTER.**—Lloyd's Register is an unincorporated society established in 1843, to obtain an accurate classification of the shipping of the United Kingdom and of the foreign vessels trading thereto, and it does not trade or carry on business or make any gain or profit. A register book is printed annually by the society for the use of its subscribers, containing the names of the ships or yachts, with other useful information, and the character assigned to each vessel as classed by the society. No action will be taken by the chairman or committee of Lloyd's Register at the suit of a

purchaser of a ship, who is not a member of the society, for an alleged negligent survey or classification of the ship made for the previous owner before the date of the purchase, or for negligently issuing a certificate based upon such survey, whereby a false character was given to the ship through negligence, though not through an intention to deceive, and whereby the purchaser was induced to give a larger price for the ship than he otherwise would have done (*Thodon v Tindall*, 1891, 7 Asp 76).

**LOADING IN TURN.**—This is a charter party term used in the coal and other trades, meaning that when several boats are waiting at a loading berth to be loaded, the loading of each is to commence according to and in the order of their arrival at the berth.

**LOAD LINE.**—Sections 438-445 of the Merchant Shipping Act, 1894, deal with the marking of load lines on vessels. The owner of every British ship proceeding to sea from a port in the United Kingdom (except ships under 80 tons register employed solely in fishing and pleasure yachts) must mark upon each of her sides, amidships, in white or yellow on a dark ground, or in black on a light ground, a circular disc 12 in in diameter; with an horizontal line 18 in in length drawn through its centre. The centre of this disc must be placed at such level as may be approved by the Board of Trade below the deck-line, and indicates the maximum load-line in salt water to which the ship may be loaded. If the ship is so loaded as to submerge in salt water the centre of the disc indicating the load-line, the ship is deemed to be an unsafe ship, and may be detained. In the case of British foreign-going vessels, and, since January 1st, 1909, of foreign foreign-going vessels, whether required to be entered outwards or not, the load-line must be marked before the vessel is entered outwards, or as soon afterwards as possible. Her owner, upon entering her outwards, must state in the form of entry the distance between the centre of this disc and the upper edge of each deck-line above it under penalty of the ship being detained, the master of the ship must enter a copy of such statement in the agreement with the crew before any of the crew sign it, and until such entry is made, a superintendent must not proceed with the engagement of the crew. In the case of ships not required to be entered outwards, the disc indicating the load-line must be marked before clearance is demanded, and the master must prepare a statement similar to that required to be inserted in the form of entry above, and in the case of a British ship must enter it in the agreement with the crew and the official log and deliver a copy to the officer of customs from whom clearance is demanded. When a ship has been marked with a disc indicating the load-line she must be kept so marked until her next return to a port of discharge in the United Kingdom.

In the case of coasting vessels, the ship must be so marked before she proceeds to sea from any port, and the owner must once in every twelve months state in writing, to the chief officer of customs of the ship's port of registry, the distance between the centre of the disc and the upper edge of each deck-line above it. Written notice of any renewal or alteration of the disc must be given before the ship proceeds to sea. The penalty for not complying with the above provisions is a fine not exceeding £100.

**LOAN.**—The sum of money, which is lent by one



view beautiful flowers and stately trees. No one thought of establishing local museums, gymnasia, isolation hospitals, or tramways, or electric lighting. The State took no care of public education, that was left to the churches of all denominations, and although it was well done in England and Wales, it was far behind the parish education supplied by Scotland. Education in Ireland was a negligible quantity.

There was little, if any, effective oversight of dairies, or of prevention of disease amongst animals intended for the food of man, the state of the workers in factories was disgraceful, especially the conditions under which women and children worked, and nobody cared. The putting out of fires was left to private enterprise, public analysts to watch over the food, drink, and raiment of the people did not exist. Festering heaps of refuse might pollute the air, unspeakable privies might spread disease and fill the wells with poison, people might carry on offensive trades, and nobody was offended, drains were ill-constructed, sewage trickled into rivers and ditches, and carried dire diseases in the stream, the water supply of the people looked after itself.

The houses of the poor in populous places were insanitary, ill-ventilated, and were breeding-places of corruption—moral and physical. The idea of properly housing the people had not yet dawned upon the public conscience. Highways in the country, and streets in the towns were made upon elementary principles, and toll gates were everywhere. Public lodging-houses were under no supervision, and were the secure resting-places of thieves and harlots. No one used to think that it was possible for a local authority to make its own gas, or electric light, or run its own trams, and, certainly, it was never dreamed of that the principal trades of the country could be taught in the popular schools. All these undesirable conditions were largely changed by certain modern statutes, which will be mentioned in their proper place.

**The Parish.** The smallest area of modern local government is the parish. A parish is either rural or urban. A rural parish, as its name implies, is a country parish, but an urban parish is near to a city or town, or is within the limits of a city or town. The parish, whether rural or urban, was exalted into a self-governing area by the Local Government Act, 1894. A parish is "a place for which a separate poor rate is or can be made, or a separate overseer is or can be appointed." It is the rural parish which is the true unit of local government. There must be a parish meeting, and the persons who have the right to attend it are those whose names are to be found upon the registers of ratepayers and parliamentary electors. This meeting elects its own chairman. If there are more than 300 persons living in a parish, they may decide to have a parish council, the parish councillors may be elected at the parish meeting, or by poll of the electors, if there are more candidates than vacancies. Women are eligible to be parish councillors, and councillors, male or female, can be elected even if they live three miles beyond the parish boundaries.

The County Council has power to grant a parish council for a parish consisting of less than 300 persons. The parish meeting is held twice a year. It appoints the overseers of the poor, and is responsible for making up the lists of parliamentary and municipal voters as well as the lists of persons eligible to serve on juries. The property of the

parish is vested in the chairman and overseers for the time being, and these persons are a body corporate, and may use a parish seal. Where there is a parish council, the number of councillors vary; fifteen is the maximum, the actual number is fixed by the county council. The parish council may elect committees from its own body to carry out whatever duties are assigned to them. The work actually carried on by parish meetings and parish councils consists of: The acquisition of rights of way, the control of foot-paths, the management of parish property, but not the management of Church property; allotment grounds, parish lighting, baths and wash-houses, burial grounds, public libraries, precautions against fire, representation on the management of the public elementary school.

**Rural Districts.** Rural districts consist of a number of rural parishes which generally, but not always, coincide with the poor law union of parishes. These districts were created by the Local Government Act, 1894. The rural district councillors are elected for three years; women, married or single, are eligible to be councillors. Each councillor represents his parish on the rural district council, and becomes a guardian of the poor for his parish as soon as he or she is elected as a councillor. The chairman of the rural district council is a justice of the peace for so long as he continues to be chairman. The duties of the rural district council are: The control of sewers and drains within their area, the provision of hospitals for infectious diseases, allotments, housing of the people, water supply, the maintenance of roads, including the main roads which pass through their area, but they look after the main roads on behalf of the county council. The clerk of the rural district council is often a solicitor, the treasurer is generally a bank official, and other important officers are the medical officer, the sanitary inspector, and the surveyor.

**The Urban District.** The urban district council consists of several parishes, or districts, which are of a non-rural character. The urban district of Surbiton, in Surrey, will give a good illustration. The urban district is often divided into wards, and each ward elects one or more urban district councillors. The rules under which rural district councillors are elected apply to urban district councillors. Women are eligible, the chairman becomes a justice of the peace. The council must meet once a month, at least, and most of its work is delegated to committees. Both urban and rural district councils may make by-laws. By means of Provisional Orders, the urban district council may erect and maintain gas works, electric light works, tramways, power works, and refuse destructor. The urban district council may also be the authority for public elementary education, as well as for higher or secondary public education. The urban district council may borrow money to carry out its various duties, and fixes the amount of its urban district rate and collects and spends the same.

**The Borough.** The municipal borough is a local authority which derives its powers under an ancient charter or from a special Act of Parliament, or, more commonly nowadays, from the Municipal Corporations Act, 1882. Sometimes the municipal borough is a great city, like Liverpool, and sometimes a small town, whose importance has grown less with the years. Some boroughs are county boroughs, whose status will be explained presently. A borough which is a city is so, either because it is the seat of



view beautiful flowers and stately trees. No one thought of establishing local museums, gymnasiums, isolation hospitals, or tramways, or electric lighting. The State took no care of public education, that was left to the churches of all denominations, and although it was well done in England and Wales, it was far behind the parish education supplied by Scotland. Education in Ireland was a negligible quantity.

There was little, if any, effective oversight of daries, or of prevention of disease amongst animals intended for the food of man, the state of the workers in factories was disgraceful, especially the conditions under which women and children worked, and nobody cared. The putting out of fires was left to private enterprise, public analysts to watch over the food, drink, and raiment of the people did not exist. Festering heaps of refuse might pollute the air, unspeakable privies might spread disease and fill the wells with poison, people might carry on offensive trades, and nobody was offended, drains were ill-constructed, sewage trickled into rivers and ditches, and carried due diseases in the stream, the water supply of the people looked after itself.

The houses of the poor in populous places were insanitary, ill-ventilated, and were breeding-places of corruption—moral and physical. The idea of properly housing the people had not yet dawned upon the public conscience. Highways in the country, and streets in the towns were made upon elementary principles, and toll gates were everywhere. Public lodging-houses were under no supervision, and were the secure resting-places of thieves and harlots. No one used to think that it was possible for a local authority to make its own gas, or electric light, or run its own trams, and, certainly, it was never dreamed of that the principal trades of the country could be taught in the popular schools. All these undesirable conditions were largely changed by certain modern statutes, which will be mentioned in their proper place.

**The Parish.** The smallest area of modern local government is the parish. A parish is either rural or urban. A rural parish, as its name implies, is a country parish, but an urban parish is near to a city or town, or is within the limits of a city or town. The parish, whether rural or urban, was exalted into a self-governing area by the Local Government Act, 1894. A parish is "a place for which a separate poor rate is or can be made, or a separate overseer is or can be appointed." It is the rural parish which is the true unit of local government. There must be a parish meeting, and the persons who have the right to attend it are those whose names are to be found upon the registers of ratepayers and parliamentary electors. This meeting elects its own chairman. If there are more than 300 persons living in a parish, they may decide to have a parish council, the parish councillors may be elected at the parish meeting, or by poll of the electors, if there are more candidates than vacancies. Women are eligible to be parish councillors, and councillors, male or female, can be elected even if they live three miles beyond the parish boundaries.

The County Council has power to grant a parish council for a parish consisting of less than 300 persons. The parish meeting is held twice a year. It appoints the overseers of the poor, and is responsible for making up the lists of parliamentary and municipal voters, as well as the lists of persons eligible to serve on juries. The property of the

parish is vested in the chairman and overseers for the time being, and these persons are a body corporate, and may use a parish seal. Where there is a parish council, the number of councillors vary: fifteen is the maximum, the actual number is fixed by the county council. The parish council may elect committees from its own body to carry out whatever duties are assigned to them. The work actually carried on by parish meetings and parish councils consists of: the acquisition of rights of way, the control of foot-paths, the management of parish property, but not the management of Church property; allotment grounds, parish lighting, baths and wash-houses, burial grounds; public libraries, precautions against fire, representation on the management of the public elementary school.

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removed to the asylum named in the warrant there to remain as a criminal lunatic until he ceases to be a criminal lunatic. The superintendent must render regular reports on each criminal lunatic to a Secretary of State who has powers to discharge such criminal lunatic if he thinks it fitting so to do.

**The Special Verdict.** The Trial of Lunatics Act 1883 provided that if evidence was given at the trial of a prisoner that he was not responsible for his acts and the jury was satisfied that such person was insane the jury must return a special verdict to the effect that the accused was guilty of the act or omission charged against him but was insane at the time. When such verdict has been found the court shall order the accused to be kept in custody as a criminal lunatic in such place as the court shall direct till his Majesty's pleasure shall be known.

**Idiots and Imbeciles.** An Act for giving facilities for the care, education and training of idiots and imbeciles was passed in 1886. An idiot or an imbecile is one from birth or becomes so at an early age. The idiot or imbecile may be placed in a registered hospital institution or licensed house until the patient is of full age. A certificate must be given in writing by a duly qualified medical practitioner and a statement must accompany the certificate; the statement must be signed by the parent or guardian of the idiot or imbecile. The Commissioners in Lunacy may order such person to remain

where he is after he has arrived at full age. An idiot or imbecile of full age may be received in any registered institution as above described upon a certificate and statement as in the case of a patient under age.

When idiots and imbeciles are received notice of the fact with full particulars of each case must be sent to the Commissioners. The Commissioners must visit each licensed house once a year; a medical journal must be kept in each institution and the following forms prescribed by the Act must be followed. Form of medical certificate, form of statement to accompany medical certificate and form of certificate of reception.

**TUNKAH.**—A tobacco grown in Ceylon. It is milder than Trincopolis but contains a large quantity of nicotine which renders it injurious to the smoker.

**LYCOPODIUM.**—The plant of the order *Lycopodiaceæ* and the sulphur like powder obtained from its spores. Russia does an export trade in the powder which is used in producing artificial lightning for stage purposes etc. It is also employed in pharmacy as a coating for pills.

**LYN.**—This animal is found in Europe, Asia and America and is valuable for its soft thick fur which is easily dyed. In colour it is usually grey or light brown with spots of a darker tint. Canada does the largest export trade.



patient is one who is the only patient in a house. Friends and relations may visit patients upon obtaining an order from a Lunacy Commissioner. Any person, whether a relative or a friend, may apply to the Commissioners with a view to having the lunatic discharged as cured, after the patient has been duly examined and certified by two medical men.

**Property of Lunatics.** The Lord Chancellor may order that an inquiry be made of the nature and extent of the property of a lunatic. If a person desires to find where a lunatic is detained, he may apply to a Commissioner to have the register searched, the fee for the search must not exceed 7s.

**Diet and Oversight.** The diet of the lunatic is regulated by the Commissioners. Males must not be employed to take charge of or to restrain female patients, except in cases of emergency. The diet of pauper lunatics is under the charge of the guardians, subject to the control of the Commissioners. Patients in an asylum may be absent on trial for the benefit of his or her health, subject to obtaining the proper permits. Single patients in a private house may be removed to another house anywhere in England after due notice given and consents obtained. Pauper lunatics may be boarded out with relatives, and an allowance for their keep will be made by the guardians.

**Removal of Lunatics.** Lunatics may be removed by the person authorised to discharge the patient and by the Commissioners. The removal may be from an institution for lunatics, from a private house, from a workhouse, or from a hospital. The patient is by this removal either discharged or removed to a more suitable place as the Commissioners may direct. Removals or discharges are only permitted after careful enquiry and the grant of certificates. A foreign lunatic in this country may be removed to his own country, if such removal is for his benefit. The removal is made by warrant of a Secretary of State.

**Discharge of Lunatics.** Lunatics are discharged from detention at the request, in writing, of the person who petitioned for the reception order, or by the Commissioners or by the guardians of the poor, in the case of a pauper lunatic, or by any three asylum visitors. But no dangerous lunatic or one not fit to be at large will be discharged. Lunatics in licensed houses may be discharged by two visitors, one of whom must be a medical man. When a lunatic has recovered whilst under detention, the manager of the hospital or licensed house must inform the friends or representatives of the lunatic, and, in the case of a pauper, the guardians must be informed.

**Escape.** If a lunatic escapes, he may be retaken by the manager of the institution, or by the workhouse master, or by the person in whose charge he was, if a single patient. If the lunatic escapes into Scotland or Ireland, or *vice versa*, information must be given to the lunacy authorities, who will obtain a warrant for his recapture.

**The Inquisition.** The judicial inquisition as to lunacy is as follows: Application is made to a Judge in Lunacy to direct an inquisition, whether a person is of unsound mind and incapable of managing himself or his affairs, the alleged lunatic must have notice, and is entitled to a jury. The judge has discretion to dispense with a jury and to examine the patient himself. The examination shall be in open court or in private, as the judge may direct. When the patient is found to be a lunatic by inquisition,

his person and his property are placed under the care of a Judge in Lunacy, who commits the lunatic and his property to the care of a person or persons called the committee of the lunatic.

**Masters in Lunacy.** Barristers of not less than ten years' standing are appointed as masters in lunacy, who act under the judges in lunacy to carry out the various duties described above. The judge can deal with a lunatic's property as if the judge were a trustee, *e.g.*, he can sell, charge, or mortgage the property for the purpose of payment of the patient's debts, or discharge of incumbrances upon the property, or for the patient's maintenance, present or future. When a partner in a business becomes lunatic, the judge may dissolve the partnership.

**Duties of the Committee.** The judge may order the committee of the lunatic to sell the property, or exchange it, carry on the business of the lunatic, grant leases, surrender leases, perform or assign contracts, or do any legal act which the lunatic could do if he were sane. Where the property of a lunatic is small, a judge of county court has power to deal with it.

**The Commissioners.** The Commissioners in Lunacy consist of medical practitioners and barristers, whose salaries are paid by the State.

**Visitors.** The medical and legal visitors of lunatics so found by inquisition are called Chancery visitors. Asylums are visited by a visiting committee appointed by the local authority. Houses licensed to receive lunatics are visited by justices of the peace, and a medical man appointed for the purpose. Lunatics in asylums are visited by two or more Commissioners, who also have the power to visit every hospital and licensed house and workhouse. Pauper lunatics may be visited by a medical man appointed by the guardians. The Commissioners may make special unexpected visits whenever they see fit, and may require the heads of private families and of charitable institutions to send them a full report of any person being detained by them as an alleged lunatic without an order and medical certificates.

**Licensed Houses.** Houses and hospitals for lunatics are licensed either by the Commissioners or by the licensing justices for the county or borough, and the houses are regulated by the Commissioners.

**Asylums.** Counties, county boroughs, and certain other boroughs, and the City of London, must provide county asylums for lunatics. The maintenance of a pauper lunatic is chargeable to the union from which he was sent.

**Offences.** If any person having charge of a lunatic wilfully ill-treats him or neglects him, such person shall be liable to fine or imprisonment. If any person abuses or carnally knows any female patient who is in his charge or care, he shall be liable to a term of imprisonment with hard labour. The consent of the female lunatic shall be no defence.

The Lunacy Act of 1890 was amended in 1891 and 1903.

**Criminal Lunatics.** An Act to make better provision for the custody and care of criminal lunatics was passed in 1860. It provides for asylums for criminal lunatics, and, generally, the rules which relate to the care and oversight of the non-criminal lunatics apply to the criminal lunatics. The Criminal Lunatics Act, 1884, enacted that where a prisoner is certified to be insane, a Secretary of State may, by warrant, direct such prisoner to be

removed to the asylum named in the warrant there to remain as a criminal lunatic until he cures to be a criminal lunatic. The superintendent must render regular reports on each criminal lunatic to a Secretary of State who has powers to discharge such criminal lunatic if he thinks it fitting so to do.

**The Special Verdict.** The Trial of Lunatics Act 1883 provided that if evidence was given at the trial of a prisoner that he was not responsible for his acts and the jury was satisfied that such person was insane the jury must return a special verdict to the effect that the accused was guilty of the act or omission charged against him but was insane at the time. When such verdict has been found the court shall order the accused to be kept in custody as a criminal lunatic in such place as the court shall direct till his Majesty's pleasure shall be known.

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**LUNKAU.**—A tobacco grown in Ceylon. It is milder than Trincomopoly but contains a large quantity of nicotine which renders it injurious to the smoker.

**LYCOPODIUM.**—The plant of the order *Lycopodiaceæ* and the sulphur like powder obtained from its spores. Russia does an export trade in the powder which is used in producing artificial lightning for stage purposes etc. It is also employed in pharmacy as a coating for pills.

**LYNN.**—This animal is found in Europe Asia and America and is valuable for its soft thick fur which is easily dyed. In colour it is usually grey or light brown with spots of a darker tint. Canada does the largest export trade.

jobbers' buying and selling prices at a certain hour on that day; and the differences the speculator has to receive or pay out, as the case may be, at the end of each account are calculated on the last making-up price as compared with the making-up price at the previous account.

**MALACCA CANES.**—Walking sticks imported chiefly from Sumatra, where they are obtained from the *Calamus Scorpionum*.

**MALACHITE.**—A beautiful mineral of an emerald green colour, consisting of carbonate of copper. It abounds in the Ural Mountains, and occurs also in South Australia and in Cornwall, being generally found among copper ores. It takes a high polish, and is chiefly used for decorative purposes.

**MALÂ FIDE.**—In bad faith, the opposite of *bonâ fide* (*qv*).

**MALÂ FIDES.**—Bad faith, the nonnulative case of *malâ fide*.

**MALAGA WINES.**—Sweet, luscious wines, forming one of the chief exports of Malaga, on the Mediterranean coast of Spain. They are generally white in colour, the variety known as Lagrima being among the best of this sort.

**MALAGUETTA PEPPER.**—(See GRAINS OF PARADISE.)

**MALFEASANCE.**—(See MISFEASANCE.)

**MALICIOUS PROSECUTION.**—This is a civil proceeding, which requires very careful comparison with false imprisonment (*qv*). The latter cause of action arises when a person has imprisoned or given into custody another person when no right of arrest (*qv*) exists, and in such a case it is for the defendant to prove that he had reasonable and probable cause for acting in the manner which he did, e.g., that a felony had been committed and that there existed reasonable grounds for suspecting the person arrested of being the guilty party. Malicious prosecution, on the other hand, is a proceeding which arises when one person has taken criminal proceedings, by the intervention of an officer of the law, against another person, and has accused him of some crime or misdemeanour by reason of which accusation the person accused has been compelled to appear before a criminal court. Here the burden of proof (*qv*) is shifted, for it is for the plaintiff to prove that the defendant had no reasonable and probable cause for instituting proceedings against him—a difficult task in the majority of cases, as it practically amounts to trying to prove a negative. Of course, if he succeeds, a plaintiff may be awarded heavy damages, according to the circumstances of the whole affair. Naturally, no plaintiff can ever succeed in either case unless he is exonerated from the charge laid against him in the criminal proceedings.

An employer should always be most careful before he institutes criminal proceedings, in fact, he ought to make it practically certain that he will secure a conviction. Otherwise he may be put to great expense by having a merely speculative action launched against him, i.e., one in which the plaintiff, being a man of no means, cannot possibly meet the costs of the case if he is defeated.

**MALT.**—A preparation of grain, preferably barley, used in brewing. After having been steeped in water for two or three days, the barley is drained and thrown on to the floor in heaps. When germination begins, the grain is spread out evenly in layers of 4 to 11 in. until the proper stage of development is reached, when the barley or green malt, as it is

now called, is dried in a kiln, of which the temperature is gradually raised from 95° to 150° F. The final process, known as curing, requires tremendous heat. Maltng requires great care and skill throughout, as the flavour and quality of the beer depend largely upon it.

**MALTA (BRITISH).**—This is the largest of a group of islands in the Mediterranean, situated between Sicily and North Africa. The other two islands of any size are Gozo and Comino, whilst the remaining islets are of little importance.

(For exact position, see map of ITALY.)

The area in Malta itself is about 91½ square miles. Its greatest length is 17 miles, and its greatest breadth 9 miles. Gozo has an area of 24½ square miles. The civil population of the whole colony, according to the Census of 1911, is 211,473.

All the islands are highly cultivated, the chief products being cotton, corn, oranges, melons, grapes, and early potatoes for the London market.

**Valetta** (22,882) is the capital and only considerable town, the old capital, *Citta Vecchia*, having sunk to a village of about 500 inhabitants, although it has a suburb, *Rabato*, with a population of about 8,500.

Malta capitulated to the British in 1800, and was formally ceded to Great Britain by the Treaty of Paris, 1814. It is now the base of the Mediterranean Fleet, is strongly fortified, and has extensive grain stores and a naval hospital. Malta is the most important coaling and supply station on the route to the East. The garrison is about 10,000, nearly double that of Gibraltar.

Mails are despatched daily via Naples. Valetta is about 2,000 miles distant from London, and the time of transit is about three days and a half.

**MANAGEMENT SHARES.**—(See FOUNDERS' SHARES.)

**MANAGER.**—(See SPECIAL MANAGER.)

**MANAGING DIRECTOR.**—(See DIRECTORS.)

**MANCHESTER SCHOOL.**—(See LAISSEZ FAIRE.)

**MANCHURIA.**—(See CHINA.)

**MANDAMUS.**—Latin: "We command." This is the name of a writ which is issued out of the King's Bench Division commanding a person or a public body to do a certain thing. Its use is practically confined to the enforcement of certain public rights and duties. Thus, if a person feels aggrieved because a particular act is not done through the refusal of the person or persons responsible declining to carry it out, an application is made in the first place to a Divisional Court of the High Court (*qv*), and if a *prima facie* case is made out, a rule nisi is granted, calling upon the person or persons complained of to appear and show cause why they should not be compelled to act. The case is fully argued at a later date, and if it appears that there is a substantial case of injustice, the writ of mandamus is issued. The corresponding writ which forbids the performance of a particular act is that of prohibition (*qv*).

**MANDARIN ORANGES.**—Small, delicately flavoured oranges, with thin rind. They owe their name to their Chinese origin, but Palermo now does the largest export trade. Tangerines are similar in flavour and appearance. A variety of this fruit is grown to perfection in Natal.

**MANDATE.**—A mandate is an authority or command. When used in the latter sense it is confined to a command given by a judicial person. When used in the former sense it is a species of agency. Thus, one man may give another a mandate to act

for him in any particular business or undertaking. The authority should be given in writing, and the terms of the same should be clearly set forth.

**MANDATORY.**—The person to whom or in whose favour a mandate (*q v*) is given. Like an agent the mandatory must carry out his work himself. Unless he is specially authorised to do so he cannot delegate his mandate to another.

**MANGANESE.**—A greyish metal resembling iron usually obtained from its peroxide known as black oxide of manganese from which its numerous compounds are also prepared. Permanganate of potash is well known for its disinfectant properties and other derivatives are employed as colouring agents in the manufacture of glass and enamel. The oxide is also used in making matches. The metal itself is alloyed with iron to form speigeleisen steel etc. It also forms alloys with copper and nickel. Great Britain's supplies come principally from Sweden.

**MANGO.**—The kidney shaped fruit of the *Mangifera indica* a tree largely grown in India and the East Indies where it is eaten in its natural state. The exports to Europe consist of the pickled fruit which with other ingredients forms the condiment generally known as chutney.

**MANGOLD WURZEL or MANGET WURZEL.**—The field beet cultivated in the British Isles since 1788 and used as fodder. It is in most respects preferable to the turnip as it keeps better and is not affected by varying temperatures.

**MANGOSTEEN.**—The delicious purple fruit of a tree growing in the Straits Settlements and in the East Indies. A useful astringent is obtained from the rind.

**MANGROVE BARK.**—The product of a genus of tropical trees which grow in marshy districts of South America and of the East and West Indies. It is imported by Europe for the sake of the tannin and dye stuffs obtained from it.

**MANIFEST.**—Manifest in commercial law is a written instrument containing the true account of the cargo of a ship. It must contain a list of all packages or separate items of freight with their distinguishing marks, numbers and the names of the consignees. On the exportation of goods for which no bond is required the master or owner of the ship is required within six days after the usual clearance thereof to deliver to the proper officer of customs a manifest signed and declared to be accurate, giving the above particulars. If a manifest or a declaration in lieu thereof is not so delivered, or an incomplete or inaccurate one is furnished, those in default are liable to a penalty of £5 (Revenue Act 1834 Sec 3). In the United States a manifest must designate the ports of lading and destination, a description of the vessel and the designation of its owners, and must contain the names of the consignees and passengers with a list of their baggage and an account of the sea stores remaining. The manifest should be made out and signed by the captain at place where the goods or any part of them are taken on board.

**MANILLA BEED.**—(See ARACA.)

**MANILLA.**—The trade name for cigars and cheroots made in and exported from the Philippine Islands.

**MANIOC.**—A shrub cultivated in Brazil and in other parts of tropical America for the sake of its root which forms a nutritious food owing to the quantity of starch it contains. For most be taken to render the milky juice which is poisonous unless

boiled. (See CASSAREEP.) From the starch tapioca (*q v*) is prepared. (See CASSAVA.)

**MANNA.**—The sweet sap obtained by incision from the bark of several trees, especially two species of South European ash. Manna resembles honey in its odour and colour. In commerce it is usually met with in the form of flakes the exudation having hardened on exposure. It is exported chiefly from Palermo and is useful in medicine as a mild aperient. The leaves of the dwarf oak of Arabia and Kurdistan yield a sort of manna which is used for local purposes.

**MANURE.**—A general name for all substances used to render soil more fertile. The object is to supply lacking elements or to replace ingredients which have been abstracted from the soil by the crops grown upon it. Animal and vegetable refuse of all kinds is used for this purpose. Guano (*q v*) is one of the most valuable natural manures but these are rapidly being displaced by artificial preparations made in many cases from bones which yield the requisite phosphoric element. Phosphoric acid is now obtained chiefly from slag (*q v*). Among the other important manures are lime, kyanite, sulphate of ammonia and nitrate of soda which are treated separately.

**MARLE.**—More than fifty different species of trees are known by the name. One of the North American varieties yields quantities of sweet sap from which sugar is obtained. The wood of the maple tree is usually close grained, satiny and beautifully marked. It is in great demand for cabinet work. Musical instruments are made from the sycamore maple and a commoner variety known as white maple is used for wood paving. Maples grow extensively in Japan and in other temperate countries.

**MARASCHINO.**—A liqueur prepared like Kirschwasser from cherries by distillation. The fruit used in this case is the Maraschino cherry of Dalmatia and the most delicate Maraschino comes from the Dalmatian port of Zara.

**MARBLE.**—Strictly speaking this name should be confined to purely crystalline limestone but it is frequently applied to other limestones used for decorative purposes. The latter are found in Derbyshire, Bristol, Devonshire and other parts of the British Isles and in different parts of Europe. They are of various colours including black and are largely used for mantelpieces, ornaments, etc. Pure limestone yields white marble which is employed almost exclusively for statuary. The best comes from the quarries of Carrara in Italy. Red, yellow, black and green varieties owe their colouring to the presence of mineral impurities. They are found in France, Spain, Portugal and Greece and are largely used for decorative purposes. Connemara is noted for a specially beautiful variety. Marble is extensively used for building purposes, but its use is not recommended in places where it would be exposed to the action of excessive rain or smoke. The stone is much imitated by painting a marble pattern on polished wood. A better imitation actually contains pieces of marble mixed into a solid mass by means of a hard cement. Marble is also veneered to imitate marble. Among the places famous for special exports are Libya, which sends the blood red marble with white spots, Genoa which exports a black variety with veins of yellow, and Simla from which a yellow marble with violet veins is obtained.

**MARGARINE.**—A substitute for butter made

chiefly of beef fat and various vegetable oils. It is principally imported from Holland, though it was first made in France. Since 1887 the sale of this article has been regulated in order to protect the public anxious to obtain the genuine article. (See BUTTER AND MARGARINE.) Other names for the same product are butterine and oleomargarine.

**MARGIN.**—In speculations on the Stock Exchange, this term is used to signify the extreme point which a price must touch before the cover (*qv*) is exhausted. The word is sometimes considered as synonymous with cover.

In business matters generally the word "margin" has numerous uses, though it generally is intended to mean a kind of extreme above which or below which, as the case may be, prices must not go, otherwise business is impossible.

In banking, the margin is the difference between the amount of a loan advanced by a banker to a customer and the value of the security which is deposited against the loan.

**MARGINAL CREDIT.**—Credit given by means of a marginal letter of credit, which is a letter of credit upon the margin of a bill form, authorising the annexed bill to be drawn at a certain currency for a given amount, and undertaking to meet the bill if drawn in accordance with the terms of the Letter. (See LETTER OF CREDIT.)

#### MARGINAL NOTES, or MARGINAL RECEIPTS.

—These are the receipts given by a banker to his customer for the amount reserved by him when crediting his customer with a discounted bill until such time as the bill has been paid. Interest is allowed upon this reserved portion at a specified rate, and the amount becomes a debt due by the bank. The receipt may stipulate that the banker will account for the money after taking against it any deficiency on other liabilities of the customer to him.

#### MARINE INSURANCE.—1 MARINE INSURANCE GENERALLY.

Joseph Arnould, in his classic work on marine insurance, published in 1848, remarks in the advertisement or introduction—

"On looking back over the somewhat extensive field which has been traversed in collecting materials for this work, it is impossible to forbear asking why England should still continue the only mercantile State of civilised Europe without a code of shipping and insurance law." Notwithstanding the absence of a codifying Act was then regarded as a reproach, fifty-eight years passed ere, in 1906, an Act was passed "to codify the Law relating to Marine Insurance." This is significant, however, of the development of statute law from long custom and law merchant. English marine law has been so long established and opportunity given for appeal, and the ultimate decision of the House of Lords that the Act of 1906 may be regarded as a very safe and well-founded statute, in all its ninety-four Sections. As indicative, however, of the progress of law and of the methods adopted in the marine insurance world to meet that law, it is interesting to note that the Act of 1906, in Section 60 (2) (ii) defines a constructive total loss of a ship as—

"she is so damaged by a peril insured against, that the cost of repairing the damage would exceed the value of the ship when repaired";

but shipowners have not always been satisfied with this view, and have sought to include the value of what remained of the wreck in the calculation (should the cost of repairs plus ship's proportion of salvage, etc., not amount to the value of the vessel) for

a constructive total loss. In *M. Angel v. The Merchants Marine Insurance Company*, the Court of Appeal (1903) decided that the value of the wreck was not to be so included. The House of Lords, however, since the Act of 1906, decided in *Macbeth & Co. v. The Maritime Insurance Company, Ltd.* (*Araucana*, 1908), that the value of the wreck must be taken into consideration. This was an appeal from the two lower courts, the casualty having taken place in 1905. Underwriters, to meet this situation, immediately devised a "valuation" clause for insertion in hull policies, containing the words "and nothing in respect of the damaged or break-up value of the vessel or wreck shall be taken into account." In a recent case (*the King Edward*, King's Bench Division, Dec., 1911) it was sought to obtain Mr. Justice Bray's ruling on this point in view of the House of Lords' decision after the Marine Insurance Act of 1906. His lordship pointed out that the Lords' decision was in respect of a casualty which took place in 1905, and that in view of the Statute of 1906 his decision must be that the value of the wreck was *not* to be added. The above clause, however, shows how underwriters or owners may contract themselves out of the law, and the above will serve to illustrate the uses of "clauses" as commonly inserted in policies of marine insurance.

The contract of marine insurance is one to indemnify the assured for actual loss sustained. It is subject to the ordinary law of contract (Sec. 91 (2)), and the primary essentials of contract, viz: (a) Offer and acceptance, (b) consideration, (c) capacity of parties to contract; (d) mutuality of understanding, and (e) legality of object are all contained or inferred in the contract of insurance. The contract must be embodied in a policy (Sec. 22), and the policy must be stamped for duty under the Stamp Act of 1891, and subsequent Finance Acts, if applicable. It will be seen by the form of policy contained in the first schedule of the Act of 1906 that the above essentials of contract law are practically carried out (a) in the premium inserted as resulting from the offer of the underwriters (*qv*) and its acceptance by the assured; (b) in the consideration which the underwriters acknowledge to have received, (c) the capacity of the parties to contract is a matter for watchfulness precedent to the issue of the policy; (d) mutuality of understanding is arrived at in the initial agreement on the premium ship as subsequently embodied in the terms of the policy, and (e) legality of object should be ascertained precedent to the issue of the policy.

In the employment of a broker, the conditions of agency are also involved. A marine insurance broker is regarded by the law merchant as a particular agent for a particular purpose, and not for general purposes, and as a particular agent he is assumed to have expert knowledge. His duties, as representing his principals, consist, mainly, in communicating all material information respecting the risks submitted to the underwriters, seeing that the customary and necessary clauses are inserted in the policy, and that the policy is properly stamped, signed, and generally in order. If he fails in his duty, he loses his right to remuneration, and may be subjected to an action for damages. According to the Stamp Act, 1891 (Sect. 97)—

"Every broker, agent, or other person negotiating or transacting any sea insurance upon material not duly stamped, shall for every such

offence incur a fine of £100 and shall not have any legal claim to any charges for brokerage etc.

The customary charge for brokerage for effecting insurance is 5 per cent. of the amount of the total premium. The underwriter in debiting the premium to the broker deducts 5 per cent for brokerage and a further 10 per cent from the balance for discount. The broker in turn debits his principal with the full premium less 10 per cent discount on 95 per cent of the premium. This discount is given subject to customary prompt payment. The broker also subsequently deducts 1 per cent for commission from claims that may be collected from underwriters for his principals.

The underwriter looks to the broker for the premium and not to the principal, but the underwriter is liable to the assured for claims though it is customary to pay them to the broker on production of the policy.

The method of effecting an insurance may be outlined shortly as follows. The broker writes the details briefly on a small slip of paper called the 'slip' and submits the same to the underwriter who quotes a premium for the risk. If this is accepted by the broker the underwriter initials the slip and inserts the amount underwritten by him. The same slip will do for any number of underwriters. The broker thereupon advises his principal and in order that the terms and conditions may be clearly understood by the principal a *pro forma* policy is sometimes sent to him. This is not a copy of the policy for such may not be issued before a policy has been stamped (Stamp Act 1891 Sec 97 (3)). This communication of the preliminary agreement or as may be of an offer and acceptance subject to approval is advisable if only to obtain the tacit consent of the principal.

The premium slip as the basis of the agreement between underwriter and assured and the method of its presentation is very important. All material facts relative to the insurance must be disclosed and any special warranties or clauses must be mentioned therein (Act 1906 Sec 19). In the *Gunford* case the House of Lords (June 1911) decided against the shipowners in an appeal to recover a total loss in view of the fact that certain other insurances on disbursements and particularly on P & I policies had not been disclosed to the underwriters. The contract of insurance is regarded as one of the utmost good faith (*uterrima fides* [§ 71]) and any representations made by the broker to the underwriter at the time of its submission may be of great importance both in their current and after effect. The underwriter might be induced by these representations to lower the rate of quotation or he might decline the risk altogether but for some positive representation on the broker's part which although not mentioned in the slip satisfies him as regards the fulfilment of some desirable adjunct to the conditions. Should such a positive representation subsequently prove false or of no foundation in fact the underwriter may avoid the policy. Representations of mere belief however proving subsequently fallacious would not avoid the policy. Agreements of the nature of promissory warranties must be detailed in the slip and any subsequent breach avoids the policy from the time of such breach. It does not even matter that the breach of the warranty has not proved injurious; it is a condition the non fulfilment

of which *ipso facto* avoids the policy from the crucial moment.

The broker having notified his principal of the terms of the insurance takes the necessary steps for the issue of a policy for the ship itself may not be stamped as a policy. As regards Lloyd's underwriters it is customary for the broker who keeps a stock of Lloyd's policy forms to prepare the policy himself but before signature he must send the policy to be duly stamped to cover the amount assured. These duties briefly as regards vessels for time insurance are 3d per cent. up to a period of six months and 6d per cent. if for twelve months. Voyage policies for vessels or cargoes are only 1d per cent. Should the premium in the policy be for only 2 6d per cent or less then 1d duty only is charged. The latter applies to time voyage or cargo insurances.

As regards the underwriting companies a long slip is filled in by the brokers and sent in together with the premium slip and from this the company prepares a policy which after signature is retained until called for. The signing of a Lloyd's policy is a different matter. The custom there is for one underwriter to represent and transact business for other names. These names are embodied usually in a rubber stamp which records for what proportion of the risk each underwriter is liable. This stamp may be impressed upon the policy by a subordinate individual who writes in the amount insured and signs his own name thereto. It must be remembered that a group of Lloyd's names carries no joint liability. Each is only liable for his own proportion of the risk.

A form of policy (Lloyd's S G policy) is included in the first Schedule of the Act of 1906. These letters S G are traditional only and probably represent the Italian words *somma grande* meaning total sum insured. This form of policy is not compulsory and indeed may only be subscribed by underwriting members of Lloyd's when the anchor stamp appears thereon. There are certain points however which all policies must specify (Act 1906 Sec 23)—

- (1) The name of the assured or of some person who effects the insurance on his behalf.
- (2) The subject matter insured and the risk insured against.
- (3) The voyage or period of time or both as the case may be covered by the insurance.
- (4) The sum or sums insured.
- (5) The name or names of the insurers.

The above matters involve a certain amount of expressive wording particularly as regards the risks insured against, so that the commonly accepted form of policy reads very similarly to the Lloyd's form referred to above. This form was adopted so long ago as the year 1779.

Beyond the bare outline of the printed policy and without the addition of Clauses or of promissory warranties the law merchant as now corroborated by the Act of 1906 (Secs 39 and 41) deems that there are unexpressed but implied warranties or seaworthiness on the part of the assured attaching to voyage policies on vessels and also of legality of object both in hull and cargo policies. There is no implied warranty however that the cargo is seaworthy or that a vessel insured on a time policy is seaworthy.

In the effecting of a policy of insurance there are many points of importance to be borne in mind which cannot be referred to at any length in a short

article like the present, such as— Insurable Interest, Gambling Policies (Policy Proof of Interest), Duration of Risk, Double Insurance, Re-insurance, Implied Warranties, Implied Conditions, Express Conditions, Slip, Different Kinds of Policies, and Claims, which see below.

The form of policy may be outlined here for purposes of explanation, but the actual form may be seen in the first Schedule of the Act of 1906

*Be it known that* (The assured effects an insurance)

*Lost or not lost* (To cover the contingency of what may have happened unbeknown to the parties)

*At and from* (The term "from" would not cover casualties at the port of departure before sailing)

(A space is here left for insertion of details of voyage or term of insurance)

*Upon any kinds of Goods* (Character of Goods)

*And also upon the good ship or vessel* (Name of Vessel)

*Beginning the adventure upon the said goods* (Details)

*Upon the said ship* (Details)

*And so shall continue and endure*

*Until she hath moored at anchor twenty-four hours in good safety*

*And upon the goods until the same be there discharged and safely landed*

The termination of the risk in the vessel itself is after it has been moored safely, i.e., in order to discharge safely, at the place of destination, and free from arrest or embargo for twenty-four hours. The risk on the goods continues until delivered in the customary manner and in a reasonable time.

*And it shall be lawful for the said ship, etc., in this voyage to proceed and sail to and touch and stay at any ports or places whatsoever*

"In the customary manner only. If the places of call are set out in the policy, then the voyage must be pursued in the same order" (Act 1906, Secs 46 and 47)

Non-deviation is usually included with seaworthiness and legality of object in the "implied" warranties, but it is not so included in the Act of 1906, probably because there are so many lawful reasons for deviation, and there are none to explain away unseaworthiness or illegality of object.

*The said ship, etc., goods . . . shall be valued at*

Act 1906, Sec. 27 [3] says—

"In the absence of fraud, the value fixed by the policy is, as between the insurer and assured, conclusive of the insurable value of the subject."

The insertion of a definite total value prevents subsequent dispute, and serves at the same time as an exact guide to the proportion of each underwriter's liability. If a definite value be not inserted in the policy at the outset, then it will be necessary in case of claim subsequently to compute the value

in the legally prescribed manner (See Act 1906 Sec. 16)—

"The insurable value of ship is the value at the commencement of the risk, including her output, provisions, and stores for the officers and crew, money advanced for seamen's wages, and other disbursements (if any) incurred to make the ship fit for the voyage, plus the charges of insurance upon the whole."

In the case of a steamer, the bunker coals and engine stores may be included. The insurable value of freight—

"is the gross amount of the freight at the risk of the assured, plus the charges of insurance"

The insurable value of goods—

"is the prime cost of the property plus the expenses of and incidental to shipping and the charges of insurance upon the whole"

"In insurance on any other subject-matter, the insurable value is the amount at the risk of the assured when the policy attaches, plus the charges of insurance"

It will be noticed that no mention is made of profit that may be included in the insurable value of cargo. As regards the ship, her value as above computed about the time of her loss might fall very far short of her initial cost to the owners. It is an almost invariable practice, however, to insert the value both in ship and cargo policies. In "floating" policies on cargo it is customary to provide for a definite profit to be added to the prime cost.

*Touching the adventures and perils which we the assurers are contented to bear and do take upon us in this voyage, they are—*

*Of the seas,*

This does not include the ordinary action of the winds and waves (See Rules for Construction of Policy, first Schedule). But it includes heavy weather damage—stranding and striking submerged objects, and collision with other vessels. It does not, however, include damage done to other vessels in collision (*De Vaux v. Salvador*, 1836).

*Men of War,*

This is commonly known as the War Risk. By a special resolution at a meeting of underwriters in 1898, it was agreed to delete this risk from the policy, and this was effected by the subsequent insertion of the F C and S Clause (Free of Capture and Seizure). A modification has recently been made, many underwriters having agreed to issue the policy in its original form, subject to the reservation that on giving a fortnight's notice the War Risk may be excluded, unless a special extra premium be paid.

*Fire,*

By accident or lightning, but not from explosion of steam which causes no damage by ignition. Nor goods burnt by spontaneous combustion resulting from vice propre.

*Enemies, pirates, rovers, thieves, jettisons, letters of mart and countermart, surprisals, takings at sea, arrests, restrainits and detainments of all kings, princes, and people, of what nation, condition, or quality soever, barratry of the master and mariners*

"Pirates" includes passengers who mutiny and rioters who attack the ship from the shore. "Jettisons" mean loss through throwing overboard of anything for the safety of all concerned. "Letters of Mart and Countermart," commissions granted by Governments to inflict

injury on an enemy's shipping. Barratry includes every wrongful act wilfully committed by the master or crew.

*And of all other perils losses and misfortunes Means only perils of a like nature—ejusdem generis*

It may be stated here that an underwriter is not liable for the following—

(a) For any loss attributable to the wilful misconduct of the assured

(b) Any loss proximately caused by delay

(c) Any loss through the inherent vice of the subject matter insured

(d) Any injury to machinery not proximately caused by perils of the sea

(e) Any loss proximately caused by vermin

(f) Any loss not proximately caused by a peril insured against (Act 1906 Sec 50)

What is a proximate cause of damage is a difficult matter for a person outside the marine insurance world to understand and it is advisable at this juncture to illustrate the dictum *causa proxima non remota spectatur*.

For instance damage proximately caused by vermin (e) above as where rats eat into bags of edible matter carried as cargo does not form a claim upon underwriters because this is not a peril of the sea, but if rats gnaw through a leaden pipe thus allowing sea water to enter a hold the proximate cause of damage is the sea water and not the rats and such damage has been held as recoverable from underwriters (*Laveon v Drury* 1852). Again a vessel insured free of capture and seizure but covering barratry was seized by Spanish Revenue officers for smuggling on the part of the captain and in a subsequent action of the owners against the underwriters to recover expenses incurred to procure the release of vessel etc. the court held that the underwriters were not liable as the immediate cause of the expenses was the seizure of the vessel and not the smuggling or barratrous act of the captain (*Cory v Burr* 1883). In another case it would seem as though equitably at any rate the claimants should have won their case but the law inexorably abided by the rule. In this case a cargo of oranges was insured free from partial loss unless consequent on collision with another ship. The vessel came into collision and put into an intermediate port for repairs. It was found necessary to discharge a portion of the cargo to effect repairs and the fruit was damaged by the process of handling. The court held that the proximate cause of damage was the handling and not the collision and non-suited the plaintiffs (*Link v Flamin* 1890).

To return to the wording of the policy—

*And in case of any loss or misfortune it shall be lawful to the assured their heirs servants and assigns to sue labour and travel for in and about the defence safeguard and recovery of the said goods and merchandise and ship etc.*

(This is called the Sue and Labour Clause.)

Expenses of an owner incurred with a view to minimising his or damage are recoverable irrespective of the franchise or amount of damages necessary to make a claim upon the policy as per the terms of the memorandum but these may not be added to a small damage with a view to bringing that damage up to a franchise. Particular charges as distinct from sue and labour charges are charges incurred on behalf of special interests with a view to minimising loss etc. and these are apportionable

to those interests and are likewise recoverable from the underwriters irrespective of franchise. The main difference in the matter of recovery between those two classes of charges appears to rest on the fact that the Sue and Labour Clause is a separate agreement incorporated in the policy under which the underwriters agree to make good such charges whereas the claim for special or particular charges would be dealt with in the customary manner of a proportion over the value and should the value of the interest be in excess of the policy value underwriters would only pay a rateable proportion.

*And it is especially declared and agreed that in act of the insurer or insured in recovering saving or preserving the property insured shall be considered as a waiver or acceptance of abandonment.*

These words called the Waiver Clause entitle both the insurer and the assured to take steps to mitigate a loss notwithstanding a notice of abandonment may have been given by the assured and declined by the underwriter.

In cases where the subject matter has been formally abandoned by the assured by notice to the underwriter and has been declined by the latter the assured must issue a writ for the enforcement of his claim and it is the circumstances actually prevailing at the time of the issue of the writ which become the criteria as to whether the subject matter was indeed a total loss. Thus when a vessel captured during the Japanese and Chinese war was formally abandoned to the underwriters and a writ sued but the vessel was subsequently released the court held that the vessel at the time of the issue of the writ was indeed a total loss because seized as in the terms of the policy and the underwriters were condemned to pay (*Russ v Royal Exchange Assurance Corporation* 1897).

Notice of abandonment is not necessary where the property is irretrievably lost and where no possible benefit of salvage may accrue but other wise notice should be given. With a view to avoiding unnecessary costs underwriters in declining notice of abandonment usually undertake to place the assured in the same position as if he had actually issued a writ.

The policy concludes—

*W.D.—Corn fish salt fruit flour and seed are warranted free from average unless general or the ship be stranded. Sugar tobacco hemp flax hides and skins are warranted free from average unless the ship be stranded and all other goods also the ship and freight are warranted free from average unless general or the ship be stranded.*

This constitutes what is commonly known as the memorandum of the policy. The first part of it represents the Free off particular Average Clause but in the separate clause this has been somewhat added to and at the same time the special items of corn etc. have been left out so that the F.P.A. clause may be inserted in a policy on hull or cargo. The effect of the words "or the ship be stranded" is to cancel the warranty upon the vessel's stranding. A stranding however must be of such a character as to absolutely stop the ship's way. To strike and rest upon a sunken object which itself is resting on the bottom has been held to be a strand. On the other hand a mere graving in a tidal river as the tide ebbs is not considered technically a strand.

It is very important to remember that should the



is his property, he may apply to a justice for a warrant which will require the marine store dealer to produce the goods and his books. Disobedience to any one of the above rules will involve heavy penalties. Under a section of the Children Act, 1908, if a dealer in old metal, or a marine store dealer, purchases any old metal from a young person apparently under sixteen, he shall be liable to fine on summary conviction.

**MARITIME LAW.**—This is that particular branch of commercial law which has reference to ports, harbours, ship, navigation, lighthouses, etc.

**MARITIME LIEN.**—As distinguished from the other classes, a lien at common law consists in a mere right to possession until the debt or charge is paid, but maritime liens do not include or require possession. The word lien is used in maritime law, not in the strict legal sense in which it is understood in the courts of common law, in which case there could be no lien where there was no possession, actual or constructive, but to express, as if by analogy, the nature of claims which neither presuppose nor originate in possession. A maritime lien is a proceeding *in rem* (i. e., against the thing), and wherever a lien or claim is given upon the thing, then the Admiralty enforces it by a proceeding *in rem*, and, indeed, is the only court competent to enforce it. This claim or privilege travels with the thing into whose-soever possession it may come. It is inchoate from the moment the claim or privilege attaches, and when carried into effect by legal process by a proceeding *in rem*, relates back to the period when it first attached. The general principle of the maritime law is that, inasmuch as every proceeding *in rem* is in substance a proceeding against the owner of the ship, a proper maritime lien must have its roots in his personal liability. There is an exception in the case of lien for wages of master and crew. The Legislature having recognised the rule that it attaches to ships independently of any personal obligation of the owner, the sole condition required being that such wages shall have been earned on board the ship. If a maritime lien is enforced with reasonable diligence, it will hold good against the claim of a *bond fide* purchaser without notice. A maritime lien attaches in cases of collision between ships to the ship which is to blame for the collision, in favour of the persons who have sustained damage by the collision, to the extent of the damage so sustained by them, it attaches to salvaged property, in favour of salvors to the extent of the salvage remuneration, to which they are entitled. A bottomry bondholder is entitled to a maritime lien on the ship or cargo hypothecated. A seaman is entitled to a maritime lien on the ship or freight in respect of his wages and disbursements. Towage and pilotage confer a maritime lien. A person, who furnishes in a British port necessaries to a foreign ship has a maritime lien on the ship for the price of the necessaries. A judgment *in rem* pronouncing in favour of a maritime lien binds all the world, in the sense that it enables a plaintiff who has obtained judgment to follow the *res* in whose-soever possession it may be, irrespective of the personal liability of such person, and also gives a good title as against all the world to a vendee who has bought the *res* under a sale by the court. It is not necessary that the maritime lien which is asserted by a claimant should be a maritime lien by the law of England. It is enough if it is pronounced to be a maritime lien by the judgment *in rem* of a foreign court of competent jurisdiction.

Although maritime property may be subject to proceedings *in rem*, it does not necessarily follow that it is also subject to a maritime lien in respect of the claim for which the proceedings *in rem* are instituted. Such liens only exist where the Admiralty Court has inherent jurisdiction *in rem*, and in cases where maritime liens have been conferred by statute. The inherent jurisdiction of the Admiralty Court gave such liens only in cases of damage, salvage, and wages of seamen earned not under any special agreement or contract, and subject to the vessel in which the seamen served having earned freight for the voyage, bottomry and *respondentia*. By statute law (Merchant Shipping Act, 1894) the seaman's lien for wages is no longer dependent on the earning of freight, and the person acting as the master of a ship has now a similar lien for his wages and disbursements or liabilities properly made and incurred by him on account of the ship.

Subject to preference in respect of date, all maritime liens, such as in Admiralty, and arising out of contract, as for wages, bottomry, and salvage, are considered to be equal and co-ordinate. They rank against the fund out of which they are payable in the inverse order of attachment on the *res*, while liens arising from tort rank in the order of their attachment. Hence, of several bottomry bonds on the same ship, the later is paid before the earlier; and any subsequent bond before a prior mortgage or prior salvage, but subsequent salvage takes priority to a previous bond.

The lien for seamen's wages, including, in certain cases, subsistence money, takes priority over the master's lien for wages and disbursements. In fact, a claim of this nature has an inviolable priority over all other claims whatever, irrespective of the order in which they attached upon the *res* (subject to an exception in favour of the maritime lien for damages, which has been made in the case of a foreign ship, even though the wages were earned before or after the collision, and to the shipwright's possessory lien, when the wages have been earned subsequently to the repairs. Wages earned, before a salvage lien attaches to the *res*, are postponed to that lien. A master's wages and disbursements rank after the seaman's wages, and before all other claims, excepting such claims as he has made himself liable to in the capacity of master. He must, therefore, give precedence to a claim for bottomry, if he has bound himself in the bond.

Where several claimants for damages in several actions in respect of the same collision obtain successive judgment against the *res*, their respective liens are enforceable in the order of their judgments. A plaintiff who obtains judgment in a damage action may enforce his lien to the exclusion of another damage claimant who institutes his action after the judgment, even on the same day. If the claimant institutes his action before judgment is given in the first action, he is entitled to damages rateably with the first claimant. The lien for damage is postponed to the lien for subsequent salvage, because the salvors have by their services contributed to the benefit of the claimants in the damage suit. The maritime lien for salvage ranks before any other lien which attached previously to the services being rendered. Bottomry bonds are postponed to the master's lien for wages and disbursements earned subsequently to the voyage on which the bond was given. Although a bottomry bond is postponed to a lien for damage created subsequently to the bond, yet when damage is done before the bond is given,

and the bond holder is a stranger who has in good faith advanced money for repairs the bond holder is entitled to priority over the damage claimant to the extent of the increased value of the vessel arising from repairs.

Where the holders of several liens compete with each other the Admiralty Court has the power of marshalling the assets so as to protect one creditor against another and of making one creditor who can resort to two funds resort to one only who is not available to another creditor so as to satisfy all the claims so far as possible but the court can only exercise this power where it can do so without violating other rules entitled to preferential observance. As between the holders of bottomry bonds there can be no marshalling of assets to the prejudice of the cargo-owners. The cargo cannot be resorted to for the payment of any bottomry bond until the ship and freight are exhausted. Where three bottomry bonds had been successively created—the earliest on the ship the next on the cargo and the latest on the ship—and there was a prior claim for wages a pilotage and towage the court directed the latest bond to be paid preferably out of the proceeds of the ship the other bond upon the ship to be paid out of what remained of such proceeds and the bond upon the cargo to be paid out of the freight and cargo.

Maritime liens are not as a general rule transferable though in certain cases the Admiralty Court will permit persons who have paid off claims against a ship to have the same advantages as to priorities as the person had whose claim they have satisfied. Bond holders have been permitted by the court to pay the wages of the crew in order to save the expense arising from their detention on board and it was decreed that they should be reimbursed their advances out of the proceeds of the ship prior to the satisfaction of any other claim thereon. The payment of wages by a necessary man at the request of the master but without the consent of the court does not entitle him to a maritime lien. A maritime lien is capable of being enforced by a proceeding *in rem* and by the arrest and if necessary by the sale of the ship by the Admiralty marshal on the decree of the court. The common law liens which attach upon ships and cargoes and can only be made effectual by the possession and retention of the *res* subject to them—as for dock and harbour dues repairs or warehousing—are superseded by the process of the Admiralty. The arrest binds the whole of the property however great its value however trifling the amount of the claim. A person having a possessory lien on the property cannot resist the power of the court but he must surrender the property to the marshal and rely upon the court to protect him in his just rights. After the arrest the vessel and cargo if the cargo is on board and has been arrested remain in the custody of the marshal or his substitutes but when the cargo has been warehoused it is generally left under the charge of the warehouseman who will be guilty of contempt of court punishable by attachment if he allows it to be removed without the order of the court. One decree being made the *res* is sold by the Admiralty marshal but that done his first duty is to satisfy out of the proceeds the liens which the common law would enforce paying the residue less the expenses of sale into court for the use of the successful suits. Once arrested the *res* cannot be taken out of the custody of the Admiralty by any other tribunal. Its liens even in the case of bankruptcy

and insolvent having priority over all other debts even mortgages except those common law liens the essential condition and security of which possession is removed by its process and which are entitled to be first satisfied out of the proceeds of a sale under its decree.

A lien is extinguished by payment by bail given in the Court of Admiralty to an action instituted to enforce it and by the sale of the *res* under the authority of a competent court. A lien may be lost by want of diligence on the part of the possessor of the lien in enforcing his claim if a former claimant obtains a decree of the court in favour of his lien before he puts his claim in suit.

**MARJORAM**—The common name of several species of herbs. The variety known as the pot marjoram is used as a seasoning in cookery. A liniment useful in veterinary surgery is also obtained from it.

**MARK**—(See FOREIGN MONIES—GERMANY).  
**MARKED CHEQUE**—It is obvious that in the working of the Clearing House (*q.v.*) it is necessary that every possible assistance should be given by bankers so as to avoid the return of cheques which will not be met on presentation. There has therefore grown up in this country a practice of marking cheques i.e. the banker upon whom they are drawn guarantees them as being absolutely safe and sure to be met when presented (See CERTIFICATION OF CHEQUES CERTIFIED CHEQUE).

**MARKET**—A public place established and used for commercial purposes.

**MARKETABLE SECURITIES**—A marketable security as defined by Section 122 of the Stamp Act 1891 is a security of such a description as to be capable of being sold in any stock market in the United Kingdom.

By the Finance (1909 10) Act (passed April 29th 1910) Section 76 the stamp duties chargeable on marketable securities (other than Colonial Government or Colonial municipal securities) under paragraphs (1) (c) (3) and (4) of the heading *Marketable Security* in the first Schedule to the Stamp Act 1891 and the stamp duty chargeable on marketable securities share warrants or stock certificates to bearer under sub-section (1) of Section 4 of the Finance Act 1899 shall be double those specified in the said Schedule or charged by the said Section as the case may be.

By the Stamp Act 1891 the stamp duties are—  
*Marketable Security and Foreign or Colonial Share Certificate*

(1) Marketable security (a) being a Colonial Government security or (b) being a security not transferable by delivery or (c) being a security transferable by delivery and bearing date or signed or offered for subscription before or on the 6th day of August 1885—

For or in respect of the money thereby secured { The same *ad valorem* according to the nature of the security as upon a mortgage

(2) *Transfer Assignment, Disposition or Assignment of a marketable security of any description—*

Upon a sale thereof. See *Conveyance* or transfer on sale.

Upon a mortgage thereof. See *Mortgage*.

In any other case than a sale or mortgage

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is his property, he may apply to a justice for a warrant which will require the marine store dealer to produce the goods and his books. Disobedience to any one of the above rules will involve heavy penalties. Under a section of the Children Act, 1908, if a dealer in old metal, or a marine store dealer, purchases any old metal from a young person apparently under sixteen, he shall be liable to fine on summary conviction.

**MARITIME LAW.**—This is that particular branch of commercial law which has reference to ports, harbours, ship, navigation, lighthouses, etc.

**MARITIME LIEN.**—As distinguished from the other classes, a lien at common law consists in a mere right to possession until the debt or charge is paid, but maritime liens do not include or require possession. The word lien is used in maritime law, not in the strict legal sense in which it is understood in the courts of common law, in which case there could be no lien where there was no possession, actual or constructive, but to express, as if by analogy, the nature of claims which neither presuppose nor originate in possession. A maritime lien is a proceeding *in rem* (i.e., against the thing), and wherever a lien or claim is given upon the thing, then the Admiralty enforces it by a proceeding *in rem*, and, indeed, is the only court competent to enforce it. This claim or privilege travels with the thing into whose-soever possession it may come. It is inchoate from the moment the claim or privilege attaches, and when carried into effect by legal process by a proceeding *in rem*, relates back to the period when it first attached. The general principle of the maritime law is that, inasmuch as every proceeding *in rem* is in substance a proceeding against the owner of the ship, a proper maritime lien must have its roots in his personal liability. There is an exception in the case of lien for wages of master and crew. The Legislature having recognised the rule that it attaches to ships independently of any personal obligation of the owner, the sole condition required being that such wages shall have been earned on board the ship. If a maritime lien is enforced with reasonable diligence, it will hold good against the claim of a *bond fide* purchaser without notice. A maritime lien attaches in cases of collision between ships to the ship which is to blame for the collision, in favour of the persons who have sustained damage by the collision, to the extent of the damage so sustained by them, it attaches to salvaged property, in favour of salvors to the extent of the salvage remuneration, to which they are entitled. A bottomry bondholder is entitled to a maritime lien on the ship or cargo hypothecated. A seaman is entitled to a maritime lien on the ship or freight in respect of his wages and disbursements. Towage and pilotage confer a maritime lien. A person, who furnishes in a British port necessaries to a foreign ship, has a maritime lien on the ship for the price of the necessaries. A judgment *in rem* pronouncing in favour of a maritime lien binds all the world, in the sense that it enables a plaintiff who has obtained judgment to follow the *res* in whose-soever possession it may be, irrespective of the personal liability of such person, and also gives a good title as against all the world to a vendee who has bought the *res* under a sale by the court. It is not necessary that the maritime lien which is asserted by a claimant should be a maritime lien by the law of England. It is enough if it is pronounced to be a maritime lien by the judgment *in rem* of a foreign court of competent jurisdiction.

Although maritime property may be subject to proceedings *in rem*, it does not necessarily follow that it is also subject to a maritime lien in respect of the claim for which the proceedings *in rem* are instituted. Such liens only exist where the Admiralty Court has inherent jurisdiction *in rem*, and in cases where maritime liens have been conferred by statute. The inherent jurisdiction of the Admiralty Court gave such liens only in cases of damage, salvage, and wages of seamen earned not under any special agreement or contract, and subject to the vessel in which the seamen served having earned freight for the voyage, bottomry and *respondentia*. By statute law (Merchant Shipping Act, 1894) the seaman's lien for wages is no longer dependent on the earning of freight, and the person acting as the master of a ship has now a similar lien for his wages and disbursements or liabilities properly made and incurred by him on account of the ship.

Subject to preference in respect of date, all maritime liens, such as in Admiralty, and arising out of contract, as for wages, bottomry, and salvage, are considered to be equal and co-ordinate. They rank against the fund out of which they are payable in the inverse order of attachment on the *res*, while liens arising from tort rank in the order of their attachment. Hence, of several bottomry bonds on the same ship, the later is paid before the earlier, and any subsequent bond before a prior mortgage or prior salvage, but subsequent salvage takes priority to a previous bond.

The lien for seamen's wages, including, in certain cases, subsistence money, takes priority over the master's lien for wages and disbursements. In fact, a claim of this nature has an inviolable priority over all other claims whatever, irrespective of the order in which they attached upon the *res* (subject to an exception in favour of the maritime lien for damages, which has been made in the case of a foreign ship, even though the wages were earned before or after the collision, and to the shipwright's possessory lien, when the wages have been earned subsequently to the repairs. Wages earned, before a salvage lien attaches to the *res*, are postponed to that lien. A master's wages and disbursements rank after the seaman's wages, and before all other claims, excepting such claims as he has made himself liable to in the capacity of master. He must, therefore, give precedence to a claim for bottomry, if he has bound himself in the bond.

Where several claimants for damages in several actions in respect of the same collision obtain successive judgment against the *res*, their respective liens are enforceable in the order of their judgments. A plaintiff who obtains judgment in a damage action may enforce his lien to the exclusion of another damage claimant who institutes his action after the judgment, even on the same day. If the claimant institutes his action before judgment is given in the first action, he is entitled to damages ratably with the first claimant. The lien for damage is postponed to the lien for subsequent salvage, because the salvors have by their services contributed to the benefit of the claimants in the damage suit. The maritime lien for salvage ranks before any other lien which attached previously to the services being rendered. Bottomry bonds are postponed to the master's lien for wages and disbursements earned subsequently to the voyage on which the bond was given. Although a bottomry bond is postponed to a lien for damage created subsequently to the bond, yet when damage is done before the bond is given,

to be stamped without the payment of any penalty upon being satisfied in any manner that they may think proper that it was not made or issued and has not been transferred assigned or negotiated within the United Kingdom.

**MARKET GARDENS**—Since 1895 the policy of the legislature has been to give similar rights to compensation for unexhausted improvements to market gardeners as well as to agricultural tenants. The earliest Agricultural Holdings Act was passed in 1875 but a Market Gardeners Compensation Act was first passed in 1895. This Market Gardeners Act was subsequently amended by the Agricultural Holdings Act of 1900 but otherwise it remained the law regulating the tenants of market gardens until the Agricultural Holdings Act 1908 (8 Edw VII c. 23) which repealed the whole of the Agricultural Holdings Acts up to that time enacted. It repealed also the Market Gardeners Compensation Act 1895. At the same time it consolidated re-enacted and extended the provisions as to agricultural holdings and included all the statutory law both as to agricultural holdings and market gardens in the one enactment and for the future governed both classes of tenancies. In Section 42 of this Act there are Special Provisions as to Market Gardens set out but except so far as these modify for market gardens the provisions relating to agricultural holdings the whole of the Act applies as well to market gardens as to agricultural holdings. It is therefore necessary to refer to what has been said above on the Agricultural Holdings Act 1908 and it will now be shown how it deals with the specific subject of market gardens.

1 In the definition of a holding in the Act as meaning any parcel of land held by a tenant which is either wholly agricultural or pastoral or in part agricultural and as to the residue pastoral there are added the following words "or in whole or in part cultivated as a market garden" and as to a market garden the same restriction applies that it must not be let to the tenant during his continuance in any office employment or appointment held under the landlord. A market garden is defined as a holding cultivated wholly or mainly for the purpose of the trade or business of market gardening. All kinds of growers therefore who cultivate garden produce for sale are included in this definition.

2 The Act applies to a holding as to which there is an agreement in writing made on or after January 1st 1896 that the holding shall be let or treated as a market garden.

3 In the section on agricultural holdings in general it is shown that there are three classes of improvements for which compensation can be claimed by the tenant from the landlord. They are comprised in the first schedule which is divided into Parts I II and III according as the improvements are made (a) with the consent of the landlord or (b) after notice from the tenant to the landlord or (c) at the tenant's discretion without agreement or notice. Besides this schedule there is a schedule called the third schedule in the Act which contains a list of improvements specially applicable to market gardens.

These are as follows (1) Planting of standard or other fruit trees permanently set out (2) planting of fruit bushes permanently set out (3) planting of strawberry plants (4) planting of asparagus shrubs and other vegetable crops which continue

productive for two or more years (5) erection or enlargement of buildings for the purpose of the trade or business of a market gardener.

To these particular classes of improvements for which market gardeners may claim compensation it is provided that the Act shall apply as if this third schedule were comprised in Part III of the first schedule to the Act that is to say these improvements can be made without either obtaining the consent of the landlord or giving notice to him. Other improvements than these made by a market gardener for which he can obtain compensation under the Act will fall according to their character under Parts I II or III of the first schedule and will be subject to the general provisions of the Act as to holdings. The market gardener contemplating any improvement must therefore turn to the first schedule and then to the third in order to see what modifications are introduced into it.

4 Under the general provisions of the Act (Section 7) if the incoming tenant with the consent in writing of his landlord pays to the outgoing tenant any compensation the outgoing tenant is entitled to the incoming tenant has the right on quitting the holding to claim the compensation from the landlord but the incoming tenant in the case of a market garden has the right to pay the compensation to the outgoing tenant although the landlord has not consented to the payment in writing. Where there is an agreement between the landlord and an incoming tenant as there frequently is that the incoming tenant shall pay to the outgoing tenant the compensation for which the landlord is primarily liable to the outgoing tenant the landlord's consent in writing must be given to the arrangement between the two tenants. In the case of market gardens this consent in writing is dispensed with.

5 The rights of a tenant to remove fixtures and erections given by the Act are also given in the case of market gardens over every fixture or building affixed or erected by the tenant to or upon the holding or acquired by him since December 31st 1900 for the purposes of his trade or business as a market gardener. The distinction between this and agricultural fixtures and erections is that whatever the agricultural tenant has affixed or erected himself since January 1st 1884 he can remove as well as whatever he has acquired since September 31st 1900 whereas the market gardener can only remove whatever he has either affixed or erected himself or acquired since December 31st 1900. Neither can remove any fixtures fixed or erected before January 1st 1884.

6 The tenant may remove all fruit trees and fruit bushes planted by him and not permanently set out but if he does not remove them before his tenancy is over they become the property of the landlord and the tenant is not entitled to any compensation for them.

7 All the above provisions apply to the following case. Suppose a contract of tenancy is current on January 1st 1896 and the holding is used as cultivation as a market garden with the knowledge of the landlord. Then if the tenant has made any improvements comprised in the third schedule without having previously to the execution of the improvement received any written notice of dissent from the landlord he will be entitled to compensation just as if it had been agreed in writing after that date that the holding should be let or

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"(3) Marketable security (except a colonial government security) being a security transferable by delivery and bearing date or signed or offered for subscription after the 6th day of August, 1885—

"For every £10, and also for any fractional part of £10, of the money thereby secured . . . 0 1 0

"(4) Marketable security (except a colonial government security), being such security as last aforesaid given in substitution for a like security, duly stamped in conformity with the law in force at the time when it became subject to duty—

"For every £20, and also for any fractional part of £20, of the money thereby secured . . . 0 0 6

By the Finance Act, 1899 (Sec 4)—

"(1) There shall be charged on every marketable security made or issued by or on behalf of any foreign State or government, or foreign or colonial municipal body, corporation, or company, being a security transferable by delivery, which

"(a) is after the 1st day of August, 1899, assigned, transferred, or in any manner negotiated in the United Kingdom, and

"(b) is not, under the law existing at the passing of this Act, chargeable with stamp duty as a marketable security transferable by delivery,

and on every share warrant or stock certificate to bearer by means of which any share or stock of any company or body of persons formed or established out of the United Kingdom is, after the 1st day of August, 1899, assigned, transferred, or in any manner negotiated in the United Kingdom, a stamp duty of 1s for every £10, and also for any fractional part of £10 in the case of a marketable security of the money thereby secured, and in the case of a share warrant or stock certificate of the nominal value of the share or stock to which the warrant or certificate relates (For amendment, see Section 76 of the Finance (1909-10) Act, 1910, referred to above)

"(2) There shall be charged on every instrument to bearer, not being a share warrant or stock certificate to bearer charged under the foregoing provision, by means of which any share or stock of any company or body of persons formed or established out of the United Kingdom is, after the 1st day of August, 1899, assigned, transferred, or in any manner negotiated, in the United Kingdom, a stamp duty of 3d for every £25, and also for every fractional part of £25 of the nominal value of the share or stock

"(3) Every person who, in the United Kingdom, assigns, transfers, or in any manner negotiates, or is concerned as broker or agent in assigning, transferring, or in any manner negotiating, any instrument which is chargeable with duty under this Section, and is not duly stamped, or any share or stock by means of such an instrument, shall incur a fine of £20, and the amount of the duty shall be a debt due from any such person to His Majesty

"(4) For the purposes of this Section—

"(a) the expression 'share warrant to bearer' includes any instrument by whatever

name called, having the like effect as a share warrant issued under the provisions of the Companies Act, 1867, and

"(b) the expression 'stock certificate to bearer' includes any instrument, by whatever name called, having the like effect as a stock certificate to bearer"

By the Stamp Act, 1891 (Sec 82)—

"(1) Marketable securities for the purpose of the charge of duty thereon include—

"(a) A marketable security, made or issued by or on behalf of any company or body of persons corporate or unincorporate, formed or established in the United Kingdom, and

"(b) A marketable security by or on behalf of any foreign State or government, or foreign or colonial municipal body, corporation, or company (hereinafter called a foreign security), bearing date or signed after the 3rd day of June, 1862,

"(i) Which is made or issued in the United Kingdom, or

"(ii) Which, though originally issued out of the United Kingdom, has been, after the 6th day of August, 1885, or is offered for subscription, and given or delivered to a subscriber in the United Kingdom, or

"(iii) Which, the interest thereon being payable in the United Kingdom, is assigned, transferred, or in any manner negotiated in the United Kingdom, and

"(c) A marketable security by or on behalf of any colonial government which, if the borrower were a foreign government, would be a foreign security (hereinafter called a colonial government security)

"(2) For the purposes of this Act, the expression 'foreign or colonial share certificate' includes any document whatever, being *prima facie* evidence of the title of any person as proprietor of, or as having the beneficial interest in, any share or shares or stock or debenture stock, or funded debt of any foreign or colonial company or corporation, where such person is not registered in respect thereof in a register duly kept in the United Kingdom

"83 Every person who in the United Kingdom makes, issues, assigns, transfers, negotiates, or offers for subscription, any foreign security or colonial government security not being duly stamped, shall incur a fine of £20."

By the Finance Act, 1895 (Sec 14)—

"Where foreign securities, within the meaning of Sections 82 and 83 of the Stamp Act, 1891, are issued in the United Kingdom, and the interest thereon is not payable in the United Kingdom, and such evidence of the amount of the securities as the Commissioners of Inland Revenue require is produced to them, then the Commissioners, if in their discretion they consider it expedient to do so, may accept payment of the amount of stamp duty which would be payable if all the said securities were duly stamped, and on such payment may dispense with the necessity of the securities being stamped. The Commissioners shall give notice in the *London Gazette* of any such dispensation"

By the Stamp Act, 1891 (Sec 84)—

"The Commissioners may at any time, without reference to the date thereof, allow any foreign security or colonial government security

to be stamped without the payment of any penalty upon being satisfied in any manner that they may think proper that it was not made or issued and has not been transferred assigned or negotiated within the United Kingdom.

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4 Under the general provisions of the Act (Section 7) if the incoming tenant with the consent in writing of his landlord pays to the outgoing tenant any compensation the outgoing tenant is entitled to the incoming tenant has the right on quitting the holding to claim the compensation from the landlord but the incoming tenant in the case of a market garden has the right to pay the compensation to the outgoing tenant although the landlord has not consented to the payment in writing. Where there is an agreement between the landlord and an incoming tenant as there frequently is that the incoming tenant shall pay to the outgoing tenant the compensation for which the landlord is primarily liable to the outgoing tenant the landlord's consent in writing must be given to the arrangement between the two tenants. In the case of market gardens this consent in writing is dispensed with.

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7 All the above provisions apply to the following case. Suppose a contract of tenancy is current on January 1st 1896 and the holding in use or cultivation is a market garden with the knowledge of the landlord. Then if the tenant has made any improvements comprised in the third schedule without having previous to the execution of the improvement received any written notice of dissent from the landlord he will be entitled to compensation just as if it had been a deed in writing after that date that the holding should be let or

treated as a market garden. Improvements either before or after that date are thus included. It must be noticed, however, that if the tenancy is from year to year, the compensation will only be such as could have been claimed if the Act had not been passed, that is, by any custom or agreement. These provisions are inserted to secure that market gardeners shall be entitled to whatever compensation they could claim since 1895. This was necessary, because in general the compensation in respect of an improvement made or begun before the Act, or made upon a holding under a tenancy current on January 1st, 1884, is only such as could have been claimed before the Act, though the procedure for the recovery of the claim is the procedure instituted by the Act.

8. If the land under agreement to be used or treated as a market garden is part only of a holding, the Act applies to the part as if it were a separate holding.

9. In the Act there are certain provisions as to its application to Crown lands, the Duchies of Lancaster and Cornwall, and ecclesiastical and charity lands. As regards market gardens held under these various kinds of landlords, there are the following provisions: In the case of Crown lands, compensation for an improvement in Paragraphs (1), (2), and (5) of the third schedule is to be made as if the improvement were mentioned in Part I of the first schedule. In the case of Duchy lands, compensation for any improvement mentioned in the third schedule is also to be made as if the improvement were in Part I of the first schedule.

**MARKET OVERT.**—As a general rule of law, it may be said that a purchaser of goods cannot acquire a better right or title to them than the seller had, or, in other words, that the seller can only transfer such rights as he possesses to a buyer. This is well shown in the very common case of a lost article. The finder of it has a good title against all the world except the true owner, but when the true owner turns up the finder must re-deliver the article. If the finder has sold the article to a third person, that person must also give it up on demand from the true owner. But there are several exceptions to or qualifications of this rule; thus persons in the position of agents may sometimes confer a good title by selling goods entrusted to them (see AGENCY, FACTORS), a negotiable instrument may be effectually transferred by a person who has a defective title to it (see BILL OF EXCHANGE, etc.), under the Sale of Goods Act, 1893, certain sales give a good title to the buyer (see SALE OF GOODS); and where goods are sold in market overt, according to the usage of the market, the buyer acquires a good title to the goods, provided he buys them in good faith and without notice of any defect or want of title on the part of the seller. By sale in market overt is meant a sale in an open and legal market, in contradistinction to a private sale. In the country, market overt is only held on the special days provided for the particular town by charter or long usage, and only in the special place set apart for the holding of the public market. In the City of London, every day, except Sunday, is market day, and every shop in which goods are publicly exposed for sale is market overt for such things as the tradesman professes to trade in. In a few provincial towns there are special extensions of the ordinary times and places of market overt, which have been obtained by grant of the privilege

from the Crown or by long established usage. It is essential to a sale in market overt that the goods should be openly exposed for sale in the market, whether a market place or shop, during the whole of the time that the bargain is being made. A sale by sample, for instance, cannot be a sale in market overt. Again, as regards a shop, the sale must take place in the part of the shop to which the public have access, and not in a room at the back of the shop or over the shop, to which customers are only admitted by special invitation. With regard to transactions in a shop in the city of London, it should be borne in mind that all the cases in which a sale has been sustained have related to sales by the shopkeeper to a customer, and that it is very doubtful whether a shopkeeper can obtain the benefit of market overt for a transaction in which he is the purchaser.

On the point that a shop is only market overt for goods of a class that the tradesman professes to deal in, it must be remembered that market overt is a survival from an ancient day, when the various trades were sharply divided, and when the owner of stolen goods would naturally search at a goldsmith's for plate and jewellery, at a grocer's for provisions, at a tailor's for clothes, a swordsmith's for weapons, and so on. The old decisions are intelligible when the surrounding circumstances are considered. A scrivener's shop was not, as a goldsmith's shop would be, a usual place for the sale of plate (*Bishop of Worcester's Case*, Moore, 360), the sale was required to be open, so that anyone who stood and passed by the shop might see it, and not in a warehouse or room distinct from the open shop, or behind curtains or with closed windows (*Case of Market Overt*, 5 Co Rep, followed in *Hargreaves v Spink* [1892], 1 Q B 25, and by Scrutton, J, in *Clayton v Le Roy* [1911], 2 K B 1031). But it is difficult to say how modern developments may have modified the old custom of the City. In these days, when a chemist sells bags, books, photo-frames, clocks, watches, stationery, and Christmas cards, and when shops have developed into enormous *magazins*, with departments spreading in all directions—upstairs, downstairs, cellars, and back as well as front, it remains to be seen how far the old definitions of a shop, or of the things usually sold therein, may be applied. Where articles sold in market overt have been stolen, the purchaser may find himself deprived of his right to them by virtue of certain provisions of the Larceny Act, 1861, which enact that where any property, whatever its nature, has been stolen or embezzled, and the thief has been prosecuted by the owner and convicted, the property must be restored to the owner. A somewhat similar provision is found in the Sale of Goods Act, 1893, which by Section 24 enacts that where goods have been stolen and the offender is prosecuted to conviction, the property in the goods so stolen re-vests in the person who was the owner of the goods, or his personal representative, notwithstanding any intermediate dealing with them, whether by sale in market overt or otherwise. This re-vesting, however, does not operate when the goods were obtained by fraud or other wrongful means not amounting to larceny. This distinction is an important one, as an example will show. If A steals furniture from B, and then sells the articles to C in market overt, C must give up the furniture if B prosecutes A and obtains a conviction. If there is no prosecution, or if the jury acquit A, C has a good title to the

furniture If A has obtained the furniture from B by false pretences as by means of a bogus cheque a subsequent sale by him to C who acts in good faith and without knowledge of the fraud will give C a good title whether there is a prosecution or not The law of market overt does not obtain in Scotland nor does it apply to the sale of horses for by virtue of two very old statutes dating from the reigns of Philip and Mary and Elizabeth a purchase of a horse in market overt will confer no better title than the seller possessed unless the horse had been exposed for sale in the market for at least an hour between 10 a.m. and sunset and its price colour and marks and the names addresses and descriptions of buyer and seller have been entered with the keeper of the market. Even if all this is done and it turns out that the horse has been stolen the real owner will be entitled to recover it at any time within 12 months by offering the purchaser the price he paid for it.

**MARKET PARTNERSHIP**—This is a term which is used in certain cases on the London Stock Exchange It signifies that a partnership has been entered into by two or more members each of whom deals and settles bargains in his own name It is necessary however that they should notify to the Secretary of the Stock Exchange that they hold themselves jointly responsible for all the transactions entered into by any one of them

**MARKET PRICE**—In its most general sense this phrase signifies the price current in the market at which goods wares merchandise etc. are sold With respect to bullion the market price of a given weight of it is the quantity of current coins of the same metal which is equal to that weight of bullion The Mint price is something different (See *MINT PRICE*)

**MARKET RATE—MARKET RATE OF DISCOUNT**—This signifies the rate which is charged by bankers bill brokers and financiers generally for discounting bills of exchange It is always less than the Bank Rate (*q.v.*) though the variation does not always correspond with the rise and fall of the Bank Rate There may be other causes at work the chief of which is the supply and demand for bills in the open market The state of the Money Market will also operate as a powerful factor (See *BANK RATE DEPOSIT RATE MONEY MARKET*)

**MARKETS AND FAIRS**—The statute law comprised within this title is both ancient and extensive as befits the subject An Act of Henry VI. 1448 ordains that fairs and markets shall not be holden on Sundays nor on festivals excepting for necessary victual This Act was passed because of the abominable injuries and offences done to Almighty God and to His Saints because of Fairs and Markets upon their high and principal Feasts The Markets and Fairs Clauses Act 1847 gave power to certain persons to take land necessary for the construction of markets and fairs and to obtain the necessary land by voluntary or compulsory purchase The land so obtained was required for slaughter houses weighing houses roads and approaches stalls sheds pens and other buildings Only licensed hawkers may sell in the fair or market such things as are liable to market toll The market on fair days must be fixed by the undertakers Persons selling unwholesome meat or provisions in the market or fair are liable to a heavy fine.

Weighing Slaughter houses may only be erected under the authority of statute Proper weights and

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**Offences** The offences which machine keepers are liable to commit are Willfully neglecting to weigh any cart or loading not fairly weighing the same not delivering a weight ticket or delivering a false ticket committing any fraud in the weighing of a cart or load A market place or fair is fit for public use when it is so certified by two justices of the peace The stallages rents or tolls shall be paid on demand to the proper officer The tolls for weighing or measuring must be paid before the weighing or measuring The toll for cattle must be paid as soon as they are brought into the market or fair and before they are penned All the tolls must be fixed by statute it is an offence to demand or receive more than the legal toll If the toll is not paid the cattle or merchandise may be seized in distress Lists of the legal tolls must be painted on boards and set up in the market or fair and in each weighing house and slaughter house

**By laws** The undertakers of the fair or market may pass by laws for the following purposes Regulating the market preventing nuisances or obstructions in pecton prevention of cruelty regulating the market porters and their charges The by laws must be passed by the justices and approved by a Secretary of State Annual accounts of the receipts and expenditure of the market or fair must be sent to the clerk of the peace

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Section 167 of the Public Health Act 1875 incorporated the provisions of the Markets and Fairs Clauses Act 1847 with the result that any city or town council or other urban authority can establish or regulate markets supervise the weighing of goods and carts settle and collect stallages rents and tolls and make by laws All tolls which the urban authority resolves must be approved by the Local Government Board

Power is given to the urban authority to purchase any market belonging to private persons or to



treated as a market garden. Improvements either before or after that date are thus included. It must be noticed, however, that if the tenancy is from year to year, the compensation will only be such as could have been claimed if the Act had not been passed, that is, by any custom or agreement. These provisions are inserted to secure that market gardeners shall be entitled to whatever compensation they could claim since 1895. This was necessary, because in general the compensation in respect of an improvement made or begun before the Act, or made upon a holding under a tenancy current on January 1st, 1884, is only such as could have been claimed before the Act, though the procedure for the recovery of the claim is the procedure instituted by the Act.

8 If the land under agreement to be used or treated as a market garden is part only of a holding, the Act applies to the part as if it were a separate holding.

9 In the Act there are certain provisions as to its application to Crown lands, the Duchies of Lancaster and Cornwall, and ecclesiastical and charity lands. As regards market gardens held under these various kinds of landlords, there are the following provisions. In the case of Crown lands, compensation for an improvement in Paragraphs (1), (2), and (5) of the third schedule is to be made as if the improvement were mentioned in Part I of the first schedule. In the case of Duchy lands, compensation for any improvement mentioned in the third schedule is also to be made as if the improvement were in Part I of the first schedule.

**MARKET OVERT.**—As a general rule of law, it may be said that a purchaser of goods cannot acquire a better right or title to them than the seller had, or, in other words, that the seller can only transfer such rights as he possesses to a buyer. This is well shown in the very common case of a lost article. The finder of it has a good title against all the world except the true owner, but when the true owner turns up the finder must re-deliver the article. If the finder has sold the article to a third person, that person must also give it up on demand from the true owner. But there are several exceptions to or qualifications of this rule; thus persons in the position of agents may sometimes confer a good title by selling goods entrusted to them (see AGENCY, FACTORS), a negotiable instrument may be effectually transferred by a person who has a defective title to it (see BILL OF EXCHANGE, etc.), under the Sale of Goods Act, 1893, certain sales give a good title to the buyer (see SALE OF GOODS); and where goods are sold in market overt, according to the usage of the market, the buyer acquires a good title to the goods, provided he buys them in good faith and without notice of any defect or want of title on the part of the seller. By sale in market overt is meant a sale in an open and legal market, in contradistinction to a private sale. In the country, market overt is only held on the special days provided for the particular town by charter or long usage, and only in the special place set apart for the holding of the public market. In the City of London, every day, except Sunday, is market day, and every shop in which goods are publicly exposed for sale is market overt for such things as the tradesman professes to trade in. In a few provincial towns there are special extensions of the ordinary times and places of market overt, which have been obtained by grant of the privilege

from the Crown or by long established usage. It is essential to a sale in market overt that the goods should be openly exposed for sale in the market, whether a market place or shop, during the whole of the time that the bargain is being made. A sale by sample, for instance, cannot be a sale in market overt. Again, as regards a shop, the sale must take place in the part of the shop to which the public have access, and not in a room at the back of the shop or over the shop, to which customers are only admitted by special invitation. With regard to transactions in a shop in the city of London, it should be borne in mind that all the cases in which a sale has been sustained have related to sales by the shopkeeper to a customer, and that it is very doubtful whether a shopkeeper can obtain the benefit of market overt for a transaction in which he is the purchaser.

On the point that a shop is only market overt for goods of a class that the tradesman professes to deal in, it must be remembered that market overt is a survival from an ancient day, when the various trades were sharply divided, and when the owner of stolen goods would naturally search at a goldsmith's for plate and jewellery, at a grocer's for provisions, at a tailor's for clothes, a swordsmith's for weapons, and so on. The old decisions are intelligible when the surrounding circumstances are considered. A scrivener's shop was not, as a goldsmith's shop would be, a usual place for the sale of plate (*Bishop of Worcester's Case*, Moore, 360), the sale was required to be open, so that anyone who stood and passed by the shop might see it, and not in a warehouse or room distinct from the open shop, or behind curtains or with closed windows (*Case of Market Overt*, 5 Co. Rep., followed in *Hargreaves v Spink* [1892], 1 Q.B. 25, and by Scrutton, J., in *Clayton v Le Roy* [1911], 2 K.B. 1031). But it is difficult to say how modern developments may have modified the old custom of the City. In these days, when a chemist sells bags, books, photo-frames, clocks, watches, stationery, and Christmas cards, and when shops have developed into enormous *magazins*, with departments spreading in all directions—upstairs, downstairs, cellars, and back as well as front, it remains to be seen how far the old definitions of a shop, or of the things usually sold therein, may be applied. Where articles sold in market overt have been stolen, the purchaser may find himself deprived of his right to them by virtue of certain provisions of the Larceny Act, 1861, which enact that where any property, whatever its nature, has been stolen or embezzled, and the thief has been prosecuted by the owner and convicted, the property must be restored to the owner. A somewhat similar provision is found in the Sale of Goods Act, 1893, which by Section 24 enacts that where goods have been stolen and the offender is prosecuted to conviction, the property in the goods so stolen re-vests in the person who was the owner of the goods, or his personal representative, notwithstanding any intermediate dealing with them, whether by sale in market overt or otherwise. This re-vesting, however, does not operate when the goods were obtained by fraud or other wrongful means not amounting to larceny. This distinction is an important one, as an example will show. If A steals furniture from B, and then sells the articles to C in market overt, C must give up the furniture if B prosecutes A and obtains a conviction. If there is no prosecution, or if the jury acquit A, C has a good title to the



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furniture If A has obtained the furniture from B by false pretences as by means of a bogus cheque a subsequent sale by him to C who acts in good faith and without knowledge of the fraud will give C a good title whether there is a prosecution or not The law of market overt does not obtain in Scotland nor does it apply to the sale of horses for by virtue of two very old statutes dating from the reigns of Philip and Mary and Elizabeth a purchase of a horse in market overt will confer no better title than the seller possessed unless the horse had been exposed for sale in the market for at least an hour between 10 a.m. and sunset and its price colour and marks and the names addresses and descriptions of buyer and seller have been entered with the keeper of the market Even if all this is done and it turns out that the horse has been stolen the real owner will be entitled to recover it at any time within six months by offering the purchaser the price he paid for it

**MARKET PARTNERSHIP**—This is a term which is used in certain cases on the London Stock Exchange It signifies that a partnership has been entered into by two or more members each of whom deals and settles bargains in his own name It is necessary however that they should notify to the Secretary of the Stock Exchange that they hold themselves jointly responsible for all the transactions entered into by any one of them

**MARKET PRICE**—In its most general sense this phrase signifies the price current at the market at which goods wares merchandise etc. are sold With respect to bullion the market price of a given weight of it is the quantity of current coins of the same metal which is equal to that weight of bullion The Mint price is something different. (See MINT PRICE)

**MARKET RATE—MARKET RATE OF DISCOUNT**—This signifies the rate which is charged by bankers bill brokers and financiers generally for discounting bills of exchange It is always less than the Bank Rate (*qv*) though the variation does not always correspond with the rise and fall of the Bank Rate There may be other causes at work the chief of which is the supply and demand for bills in the open market The state of the Money Market will also operate as a powerful factor (See BANK RATE DEPOSIT RATE MONEY MARKET)

**MARKETS AND FAIRS**—The statute law comprised within this title is both ancient and extensive as befits the subject An Act of Henry VI 1448 ordains that fairs and markets shall not be holden on Sundays nor on festivals excepting for necessary victual This Act was passed because of the abominable injuries and offences done to Almighty God and to His Saints because of Fairs and Markets upon their high and principal feasts The Markets and Fairs Clauses Act 1847 gave power to certain persons called undertakers to construct markets or fairs and to obtain the necessary land by voluntary or compulsory purchase The land so obtained was required for slaughter houses weighing houses roads and approaches stalls sheds pens and other buildings Only licensed hawkers may sell in the fair or market such things as are liable to market toll The market and fair days must be fixed by the undertakers Persons selling unwholesome meat or provisions in the market or fair are liable to a heavy fine

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**By laws** The undertakers of the fair or market may pass by laws for the following purposes Regulating the market preventing nuisances or obstructions inspection prevention of cruelty regulating the market porters and their charges The by laws must be passed by the justices and approved by a Secretary of State Annual accounts of the receipts and expenditure of the market or fair must be sent to the clerk of the peace

**Fairs Discontinued** The Metropolitan Fairs Act 1863 was passed to prevent the holding of unlawful fairs within the limits of the metropolitan police district and was largely instrumental in causing London fairs to fall into disuse The Fairs Act 1873 amended the general law and gave authority to the justices to declare that the day or days on which a fair was accustomed to be held should be altered or extended or reduced a Secretary of State will then order the alteration to be made accordingly after publication in the *London Gazette* and in the county city or borough In 1871 an Act declared certain of the fairs held in England and Wales to be unnecessary and the cause of grievous immorality Certain fairs were then abolished by the following procedure The magistrates declare in session that such fair ought to be abolished the Home Secretary then gave order accordingly

Section 167 of the Public Health Act, 1875 incorporated the provisions of the Markets and Fairs Clauses Act 1847 with the result that any city or town council or other urban authority can establish or regulate markets supervise the weighing of goods and carts settle and collect stallages rents and tolls and make by laws All tolls which the urban authority levies must be approved by the Local Government Board

Power is given to the urban authority to purchase any market belonging to private persons or to

companies, and to manage the same for the benefit of the inhabitants

**Weighing Cattle.** In 1887 the law as to weighing was amended, as it was found expedient to afford the like facilities for weighing cattle in markets and fairs as was afforded for weighing goods and carts. The word "cattle" includes ram, ewe, wether, lamb, and swine. Proper buildings and weighing machines must be provided in or near the market or fair, and the local inspector of weights and measures must test the apparatus twice a year. Cattle may be weighed at the option of seller or buyer, whoever desires the weighing must pay the toll. All the rules and penalties which apply to the weighing of goods and carts apply to the weighing of cattle. Where the sale of cattle in a market or fair is very small, the Act dispenses with the provision of a weighing machine, but the consent of the Local Government Board must be obtained. The toll fixed by the Act for weighing cattle is: For every head of cattle, other than sheep or swine, 2d; for sheep or swine, every five or less number, 1d.

**The Board of Agriculture.** The law relating to weighing of cattle was further amended in 1891, and certain powers which were in the Local Government Board were transferred to the Board of Agriculture. Now it is required that the market and fair authority must send to the Board of Agriculture the following particulars. The number of cattle entering the market or fair, the number and weight of the cattle weighed, and the price of the cattle sold. The Board of Agriculture will publish the returns for the benefit of the public. Where an auctioneer sells cattle at a cattle mart, the rules as to weighing the cattle and making a return as above described, apply.

It will be of value to the reader to be told that the weighing of cattle specifically applies to the following markets or fairs: Ashford, Birmingham, Bristol, Leicester, Leeds, Lincoln, Liverpool (Stanley market), London (Metropolitan Cattle Market), Newcastle-on-Tyne, Norwich, Salford, Shrewsbury, Wakefield, York, Aberdeen, Dundee, Edinburgh, Glasgow, Perth, Belfast, Cork, and Dublin.

The final legislation was passed in 1908, when a short Act applied to rural districts the powers as to markets which are already given to the town councils and other councils. The effects of the Act are, that a rural district council, after obtaining the consent of the owners and ratepayers, can do the following: To provide a market-place and market-house, to provide for the weighing of carts, to make convenient approaches to the market, to purchase or lease land, or to acquire private market rights, and to take stallages, rents and tolls. The urban district council may also make by-laws for the regulation of the market. (See LOCAL GOVERNMENT.)

**MARKETS FOR THE SALE OF PRODUCE.**—A market is a public place and fixed time for the meeting of buyers and sellers. A legal market can exist only by virtue of a charter from the Crown or by immemorial user, from which it will be presumed that a royal charter once existed, although it can be no longer produced. A market is usually granted to the owner of the soil in which it is appointed to be held, who, as such grantee, becomes the owner or lord of the market. In upland towns, that is towns which, not being walled, had not attained the dignity of boroughs, markets were frequently granted to lords of manors, but in walled towns or boroughs, particularly in such as were

incorporated, the ownership of the soil having usually, by grant from the Crown or other lords of whom the borough was originally holden, been vested in the incorporated burgesses, the course has commonly been to grant markets to the municipal body.

The prerogative of conferring a right to hold a market is, however, subject to this limitation, that the grant must not be prejudicial to others, more especially to the owners of existing markets. In order that the Crown may not be surprised into the making of an improper grant, the first step is to issue a writ *ad quod damnum*, under which the sheriff of the county is to summon a jury before him to inquire whether the proposed grant will be to the damage of the King or of any of his subjects.

In modern times, markets have been almost always established by local Acts of Parliament, which establish and define their incidents. A fair is a greater sort of market, usually held once or twice a year. A market is less than a fair, and is usually held once or twice a week. Every fair is a market, but every market is not a fair. Formerly, markets were held chiefly on Sundays and holidays for the convenience of dealers and customers brought together for the purpose of hearing divine service. The holding of fairs and markets for any purpose on any Sunday was prohibited in 1677 by 9 Chas II c 7.

Fairs are great periodical markets, some of which are chiefly devoted to one kind of merchandise, while others, of a wider scope, afford opportunity for most of the sales and purchases of a district. Fairs have long been regularly held in most parts of Europe, and in many parts of Asia. In Europe, they appear to have originated in the Church festivals, which were found to afford convenient opportunities for commercial transactions, the concourse of people being such as took place upon no other occasion. Some festivals, from circumstances of place and season, speedily acquired a much greater commercial importance than others, and began, therefore, to be frequented by buyers and sellers even from remote parts of the world. When the ordinary means of communication between countries and of the exchange of commodities were very limited, fairs were of great use. Princes and the magistrates of free cities found it to their advantage to encourage them, and many privileges were granted to them, which in some places still subsist. Courts of summary jurisdiction—commonly called *pie poudre*, from the dusty feet of the suitors—were established distinct from the ordinary courts of the county or city, for the determination of questions which might arise during the fair. The British fairs really of much use at the present day are chiefly those at which cattle are exposed for sale, of these, some held on the borders of the Scottish Highlands and elsewhere in Scotland, are frequented by buyers and sellers from all parts of the kingdom, and bring together the breeders of cattle and the graziers, by whom the animals are to be fed for the butcher. At other great yearly fairs in the south of Scotland, lambs and wool are sold, and fairs chiefly for the sale of the annual produce of pastoral districts are common in almost all parts of the world.

Stallage is a duty payable for the liberty of having stalls in a fair or market, or for removing them from one place to another. Piccage is a duty for picking holes in the lord's ground for the posts of stalls. They are payable to the owner of the soil where one owns the market, and another the soil on which it

THIS INDENTURE made the 25th day of July 1912 BETWEEN George Roberts of Hill House Langton in the County of Blankshire of the first part Adelaide Brown of Deep Mount Lofton in the County of White-shire of the second part Alfred Austin of 284 North Street Langton aforesaid Benjamin Boston of 89½ West Road Langton aforesaid Charles Cust of 983 South Street Lofton aforesaid and David Dexter of 821 East Road Lofton aforesaid (which four last named persons are hereinafter called the trustees) of the third part

WHEREAS a marriage has been agreed upon and is intended to be solemnised shortly between the said George Roberts and Adelaide Brown

AND WHEREAS with a view to the settlement intended to be hereby made the said George Roberts has caused to be transferred into the joint names of the trustees the several stocks shares and other investments mentioned in the first schedule hereto and has effected an assurance on his life for the sum of £2000 in the Royalty Insurance Company by a policy numbered 389415 dated the 29th day of June 1912 in the names of the trustees under an annual premium of £49

AND WHEREAS under or by virtue of an indenture of settlement dated the 14th day of April 1890 and made between Joseph Brown and Amelia Smith (being a settlement executed on the marriage of the said Joseph Brown and Amelia Smith) and by virtue of a deed poll dated the 10th day of July 1912 under the hands and seal of the said Joseph Brown and Amelia Brown formerly Amelia Smith being a deed of appointment executed under a power contained in the aforesaid indenture of settlement) the said Adelaide Brown as one of the children of the said Joseph Brown by the said Amelia Brown formerly Amelia Smith is now entitled expectant on the death of the said Joseph Brown and Amelia Brown and in the meantime subject to their life interests under the said indenture of settlement and provided that the said intended marriage shall be solemnised within six calendar months from the date of the said deed poll to one third share of the investments mentioned in the second schedule hereto (being the investments now held upon the trusts of the said indenture of settlement) now standing in the joint name of Charles Tupton and Frank Travis the present trustees of the said indenture of settlement or of the investments for the time being representing the same AND upon the treaty for the said intended marriage it was agreed that the said one-third part or share or other share or shares to which the said Adelaide Brown is now or will upon the said intended marriage become entitled of or in the trust funds or property comprised in the said indenture of settlement should be assigned to the trustees in manner and upon the trusts hereinafter expressed

AND WHEREAS it has also been agreed that such provision shall be made for the settlement of other or future required property of the said Adelaide Brown (except as hereinafter mentioned) as is hereinafter contained

AND WHEREAS upon the treaty for the said intended marriage it was agreed that such settlement should be executed as is hereinafter contained

NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement in the behalf and in consideration of the said intended marriage the said Adelaide Brown as SETTLOR with the approbation of the said George Roberts doth hereby ASSIGN unto the trustees

ALL THAT the said one-third part or share or other the share or shares to which the said Adelaide Brown now is or will upon the said intended marriage or in any other event become entitled in expectancy as aforesaid under or by virtue of the said indenture of settlement of the 14th day of April 1890 and the said deed poll of appointment of the 10th day of July 1912 of or in the trust funds and property comprised in or which are now or may at any time become subject to the trusts of the said indenture of settlement

TO HOLD the same (subject to the interests of the said Joseph Brown and Amelia Brown therein) unto the trustees their executors administrators and assigns IN TRUST for the said Adelaide Brown her executors and administrators until the said intended marriage and afterwards upon the trusts and subject to the powers and provision hereinafter declared and contained concerning the same

AND IT IS HEREBY AGREED and declared that in case the said intended marriage shall take place the trustees shall after the solemnisation of the said intended marriage stand possessed of the investments mentioned in the first schedule hereto and of all the moneys assured by or to become payable under the said policy of assurance and of the said one-third part or share or other the share or shares hereinafter assigned to the trustees that the trustees or the survivors or survivor of them or the executors or administrators of such



{FACSIMILE OF MARRIAGE SETTLEMENT}

( B—THIS REFERS TO PERSONAL PROPERTY ONLY )

THIS INDENTURE made the 25th day of July 1912 BETWEEN George Roberts of Hill House Langton in the County of Blankshire of the first part Adelaide Brown of Deep Mount Lofton in the County of White-shire of the second part Alfred Austin of 284 North Street Langton aforesaid Benjamin Boston of 890 West Road Langton aforesaid Charles Cust of 983 South Street Lofton aforesaid and David Dexter of 821 East Road Lofton aforesaid (which four last named persons are hereinafter called the trustees) of the third part

WHEREAS a marriage has been agreed upon and is intended to be solemnised shortly between the said George Roberts and Adelaide Brown

AND WHEREAS with a view to the settlement intended to be hereby made the said George Roberts has caused to be transferred into the joint names of the trustees the several stocks shares and other investments mentioned in the first schedule hereto and has effected an assurance on his life for the sum of £2000 in the Royalty Insurance Company by a policy numbered 389415 dated the 29th day of June 1912 in the names of the trustees under an annual premium of £49

AND WHEREAS under or by virtue of an indenture of settlement dated the 14th day of April 1890 and made between Joseph Brown and Amelia Smith (being a settlement executed on the marriage of the said Joseph Brown and Amelia Smith) and by virtue of a deed poll dated the 10th day of July 1912 under the hands and seals of the said Joseph Brown and Amelia Brown formerly Amelia Smith (being a deed of appointment executed under a power contained in the aforesaid indenture of settlement) the said Adelaide Brown as one of the children of the said Joseph Brown by the said Amelia Brown formerly Amelia Smith is now entitled expectant on the death of the said Joseph Brown and Amelia Brown and in the meantime subject to their life interests under the said indenture of settlement and provided that she not sold before marriage shall be solemnised within six calendar months from the date of the

share of the investments mentioned in the second schedule heret  
the trusts of the said indenture of settlement) now standing in the said money to arise from  
Travis the present trustees of the said indenture of settlement property received in money upon the trusts  
Trust Fund or as near thereto as circumstances will permit AND upon the trust for the said money forming part of the Wife's  
income of any other real or personal property limited to or held in trust for the said Adelaide Brown for  
her life only or for any term of years determinable on her death to her for her separate use without power of  
anticipation during any coverture but with power for the trustees or trustee with her consent in writing at  
any time to sell the same so that the money to arise from such sale be held and applied upon the trusts and  
subject to the powers and provisions hereinbefore declared concerning money forming part of the Wife's  
Trust Fund or as near thereto as circumstances will permit

PROVIDED ALWAYS that the trustees or trustee shall not be made accountable in respect of any real or personal property becoming subject to the covenant to settle hereinbefore contained unless and until the same shall have been actually paid conveyed assigned or transferred to them or him nor shall they or he be chargeable with breach of trust or made liable in any way for not taking any proceedings to get in the same real or personal property or any part thereof unless and until required in writing so to do by some person lawfully interested under these presents

AND IT IS HEREBY AGREED that the said George Roberts and Adelaide Brown during their joint lives and the survivor of them during his or her life shall have power to appoint new trustees of these presents

IN WITNESS etc

FIRST SCHEDULE

(List of moneys transferred to husband)

SECOND SCHEDULE

(List of investments to be sold to raise money for the benefit of the wife)



court may, under the same Act, direct a settlement of an infant's property after marriage, but it has no power to compel a ward of court to make a settlement

**MARRIED WOMEN'S PROPERTY ACTS.**—In the present article it is intended to put forward some of the most important changes which have been made by a series of Acts of Parliament, extending from 1870 to 1907, although the principal ones referred to will be the Acts of 1882 and 1893. Many points which affect married women will be found under a number of different headings, and reference will naturally be made in particular to the article **HUSBAND AND WIFE**. Here we shall consider the position of a married woman from a business point of view, especially as to her capacity to enter into a contract.

At common law, husband and wife became one upon marriage, and the wife had no power to enter into contracts on her own behalf. Whatever she did in the way of contracting was done in her capacity as agent for her husband. Although there has been a great revolution effected in this respect, especially by the Act of 1882, it is important to recollect that whatever rights in a mercantile sense are now enjoyed by a married woman they are the outcome of statutes, and where there is no special provision made, the old common law rules remain in force. Nothing, therefore, must be assumed in favour of a married woman. It must be shown to exist within the statutes themselves which refer to her.

By Section 1 (ss 2) of the Married Women's Property Act, 1882 (45 and 46 Vict c 75), it is provided that—

"A married woman shall be capable of entering into and rendering herself liable in respect of and to the extent of her separate property on any contract, and of suing and being sued, either in contract or in tort or otherwise, in all respects as if she were a *feme sole (q v)*, and her husband need not be joined with her as plaintiff or defendant, or be made a party to any action or other legal proceeding brought by or taken against her; and any damages or costs recovered by her in any such action or proceeding shall be her separate property, and any damages or costs recovered against her in any such action or proceeding shall be payable out of her separate property and not otherwise."

Owing to the judicial construction placed upon this Section in various cases, viz., that the separate property of a married woman was not bound by her contract, unless she had some property at the time of entering into the contract, the Married Women's Property Act, 1893 (56 and 57 Vict c 63), was passed, and by Section 1 it is provided—

"Every contract hereafter entered into by a married woman otherwise than as agent (a) shall be deemed to be a contract entered into by her with respect to and to bind her separate property, whether she is or is not in fact possessed of or entitled to any separate property at the time when she enters into such contract, (b) shall bind all separate property which she may at that time or thereafter be possessed of or entitled to, and (c) shall be enforceable by process of law against all property which she may thereafter while discoverd be possessed of or entitled to: provided that nothing in this Section contained shall render available to satisfy any liability or obligation arising out of such contract any

separate property which at that time or thereafter she is restrained from anticipating."

Unless the caution already mentioned is kept in mind, it might be imagined that the law had now put a woman in a position similar to that occupied by a man in respect of contract. This is not so. A man is personally bound upon his contract; a married woman who contracts only does so with respect to her separate estate. If she has no separate estate, her creditors are without any remedy. She may be possessed of ample means, but unless she has complete control over these means, she can snap her fingers at those persons to whom she is indebted. Thus, there may be a marriage settlement giving the wife a large annual income, but if she is "restrained from anticipation," she is forbidden to alienate or to charge her property in any way, any judgment obtained against her will be practically valueless. This restraint was invented about a century and a half ago, and it has become common to insert it in all marriage settlements in which an interest is given to a wife during the existence of the marriage, as it was thought to act as a safeguard for her interests. It is to be observed, however, that the restraint only lasts during the continuance of the marriage tie, though it is revived if the widow marries again. Take an illustration. A woman marries, and on her marriage £10,000 is settled upon her, the interest upon this money being payable to her personally. There is a restraint from anticipation imposed in the deed of settlement. So long as she is married, the wife cannot in any way charge her interest which is payable at a future time. When any part of the income is paid to her, that is separate property in respect of which she can contract, but if the interest is payable only a day ahead, that is not separate property, and no contract can be entered into so as to bind it. Directly she becomes a widow, the restraint is gone, and the future interest on the £10,000 is uncontrolled property. The widow contracts personally just as a man does. But if she re-marries the restraint is again imposed, and she occupies the same position as before.

This restraint is a very powerful thing, and unless it is shown to the court that its removal will be for the benefit of the married woman herself, it cannot be interfered with. It is Section 39 of the Conveyancing Act, 1881, which allows the removal under the circumstances just mentioned. It is obvious that this restraint is capable of being greatly abused, and in one respect Section 19 of the Married Women's Property Act, 1882, endeavoured to prevent this by providing that no woman can settle her own property upon herself on the eve of and in contemplation of her marriage, and impress it with this restraint so as to defeat her creditors at the time of her marriage.

Owing to the restricted power of proceeding against a married woman, the Court of Appeal settled the form of judgment against her in the case of *Scott v Mosley*, 1887, 20 QBD 120. It is as follows: "It is adjudged that the plaintiff do recover £ . . . and costs (to be taxed) against the defendant (the married woman), such sum and costs to be payable out of her separate property, as hereinafter mentioned, and not otherwise. And it is ordered that execution hereon be limited to the separate property of the defendant (the married woman), not subject to any restriction against anticipation, unless, by reason of Section 19 of the Married Women's Property Act, 1882, the property

shall be liable to execution notwithstanding such restriction.

There is no power to commit a woman upon a judgment summons (*qv*) in respect of contracts entered into by her during her marriage. As already stated she contracts with respect to her separate estate alone. But this immunity from commitment does not extend to the cases in which she has contracted prior to her marriage nor does it extend to cases of tort committed during marriage. Again she cannot be made bankrupt unless she is trading separately and apart from her husband and then only in respect of her separate estate. (See **BANKRUPT WHO MAY BE MADE**.) The Bankruptcy Bill before Parliament in 1912 proposes to extend her liability in this respect.

When husband and wife are living together the wife has an implied authority to bind her husband for necessities for herself and in household matters generally. This she does as the agent of her husband. But since the agency is only an implied one the husband may rebut any presumption against him by showing that he has forbidden her to pledge his credit. But this will not be sufficient in the case of those tradesmen with whom the wife has had dealings and who have treated her as agent. In addition to forbidding his wife to pledge his credit the husband must give information to the particular tradesmen that the agency is withdrawn. And in case of difficulties the onus will be upon the husband to prove that the withdrawal of the agency has actually come to the knowledge of these tradesmen. Merely inserting an advertisement in a newspaper is of no real value. Any new tradesmen however must take their chances. If a married woman has been forbidden by her husband to pledge his credit and then goes to a tradesman and orders goods—this being a first transaction—the husband is in no way liable since there is no question of agency, and unless the married woman has any separate property the tradesman is legally without any remedy. These matters however are outside the special Acts now under consideration so that it is unnecessary to pursue the subject further.

A wife has now the same power of contracting with her husband as with any other person in respect of her separate property and by Section 12 of the Act of 1882 the wife has the same civil remedies against all persons including her husband for the protection and security of her separate property as if such property belonged to her as a  *feme sole* . The husband occupies a somewhat different position so far as procedure is concerned though the result is about the same.

The peculiar immunity of a married woman in respect of contract comes to an end with the termination of the marriage tie. This is very frequently forgotten by all parties. Unmarried whether as a spinster or as a widow she occupies the same position as a man in a contractual sense. It is only when she is actually a married woman that she is specially protected as above shown. But even when married she does not escape liability for her ante-nuptial debts. For these she is always liable married or unmarried subject of course to such defences as infancy or the Statute of Limitations.

As far as torts committed by a wife are concerned the husband is still liable at common law if husband and wife are living together and he may be sued either alone or jointly with his wife.

**MARSALA**.—A light Sicilian wine of the cherry

class. It owes its name to the Sicilian city of Marsala which supplies the requirements of Great Britain.

**MARSHALLING OF ASSETS**.—(See **ASSETS**.)

**MARTEN**.—A rodent somewhat resembling the weasel. The European varieties are found chiefly in Siberia and the Alps. North America exports large numbers of skins which are highly valued by furriers being often dressed in imitation of sable.

**MARTINMAS**.—The 11th November. This is one of the Scottish quarter-days (*See* **QUARTER DAYS**.)

**MASTER**.—This is a person who occupies a position which may be briefly described as being that of a subordinate judge. In the preparation of a civil case many preliminary steps have to be taken before the case is ripe for trial. For what is often called Chamber work a judge is appointed according to a certain rotation but as it would be absolutely impossible for one man to conduct the interlocutory business these subordinate masters are appointed to do the work in his stead. There is always a right of appeal from the master to the judge. The income attached to the office is £1,500 a year.

**MASTER AND SERVANT**.—The present article will be confined as far as possible to the contractual relationship existing between employer and employed and to the question of the responsibility of the master or the servant in respect of acts done by him in the course of his work.

The relationship is of course one arising out of contract and the terms of the contract are generally settled at or before the commencement of the service. In many cases where the duties are not of an onerous character little formality will be used or required but when the position to be occupied is one of importance all the terms of the agreement entered into should be stated with care and precision so as to prevent differences and trouble in the future. And it may be at once stated that speaking generally the points connected with the hiring of servants, their dismissal, their characters etc. are similar whether the person engaged is to be an agent, a clerk, a domestic servant, a governess or a tutor.

Matters connected with the Employers' Liability Acts, National Insurance, the Trade Acts and Workmen's Compensation are dealt with under separate headings.

An engagement may be verbal unless the term of service is to last for at least one year. But if the service is to extend beyond a year or if it is for a year from the date of the commencement and that date is a future one the terms of the contract should be in writing so as to satisfy the Act of the Statute of Frauds (*See* **FRAUDS STATUTE**.) What is required is some written memorandum or not signed by the party to be charged therewith or by some other person duly authorised by him. The memorandum or note need not be a formal one but it must contain the name of the parties, i.e. the master and the servant and set out the consideration for the hiring, i.e. the amount of the salary or wages to be paid. An agreement may be entered into in a series of letters. An agreement of this kind must be duly stamped with a 6s. stamp in order that it may be used as evidence in a court of law in case of a dispute arising between the parties. It is necessary if the agreement is important to have reference to the time of any labour or service, the manner, time or place of payment or where it is made between the parties and matters of any other



for if the employer is a joint stock company and is being wound up) the servant obtains certain rights before other creditors by reason of the Preferential Payments in Bankruptcy Acts 1888 and 1897 (*q.v.*) Except by special agreements wages may not be stopped in cases of illness. But illness if of long duration is a ground for terminating the service.

A servant may be summarily dismissed for wilful disobedience, gross moral misconduct, inattention, incompetence, claiming to be a partner and conduct incompatible with the performance of his duties. Little difficulty arises as to the first four of these grounds for dismissal, though a master must not act too capriciously, nor in too narrow a spirit. The last ground opens up a much wider field. No general rule can be laid down as to what will constitute a good cause for summary dismissal, though the judgment of a former Master of the Rolls may be read with advantage as a useful guide. In an action for wrongful dismissal the plaintiff was the confidential clerk of a firm of general merchants and commission agents who were in a very large way of business. The defendants discovered that the plaintiff was speculating in differences on the Stock Exchange to the extent of many hundreds of thousands of pounds and immediately dismissed him from their service. It was held that they were entitled to do so. The late Lord Esher said: "The rule of law is that where a person has entered into the position of servant if he does anything incompatible with the due and faithful discharge of his duty to his master the latter has a right to dismiss him. The relation of master and servant implies necessarily that the servant shall be in a position to perform his duty duly and faithfully, and if by his own act he prevents himself from doing so the master may dismiss him. It is not that the servant warrants that he will duly and faithfully perform his duty because if that were so upon any breach of his duty his master might bring an action against him on the warranty. But the question is whether the breach of duty is a good ground for dismissal. I have never hitherto heard any doubt that that is a true proposition of law. What circumstances will put a servant into the position of not being able to perform in a due manner his duties or of not being able to perform his duty in a faithful manner it is impossible to enumerate. Innumerable circumstances have actually occurred which fall within that proposition and innumerable circumstances which never have yet occurred will occur which also will fall within the proposition. But if a servant is guilty of such a crime outside his service as to make it unsafe for a master to keep him in his employ the servant may be dismissed by his master and if the servant's conduct is so grossly immoral that all reasonable men would say that he cannot be trusted the master may dismiss him. The question is whether we can differ from the learned judge who has determined the question of fact with reference to a confidential clerk to merchants who in the course of his duty might have to advise his masters upon monetary matters and who in the course of his duty might be called upon by his masters to have in his hands securities of great value but who is found during the service secretly from his masters, to have been engaged not in one or two small transactions but in enormously large gambling transactions on the Stock Exchange in differences so that he might at any time be landed in immense losses and whether we can say that the learned judge is wrong in finding that a man who

has done that which is incompatible with a safe performance of his duty to his masters and if the learned judge has held that such a clerk by such a course of conduct to such an extent has brought himself into a position that the masters cannot fairly rely upon his faithfulness—because the clerk has palpably left himself open to temptation so great that it is beyond safety to the masters and to the masters' business—the question is whether we can say that the learned judge is wrong or that a jury would be wrong in finding that that is incompatible with the safe performance of his duty to his master. Wherever a clerk in a mercantile service or in a service of trust breaks any of the rules of good conduct and wherever a jury finds that the master was justified in dismissing him I should like it to be known by all persons in that position that this court will uphold the decision and I think that every judge and every jury, if such conduct is brought before them as has been imputed to and proved against the plaintiff in this case, holding the position which he did in the office of merchants would come to the conclusion that gambling to a large extent in differences is wholly incompatible with the due and faithful performance of his duties if he does so unknown to his master. I should like to say in plain terms so that it may be understood that the moment it is made known to a master that his clerk has been gambling to anything like this extent on the Stock Exchange that of itself will authorise any tribunal in saying that the master was justified in dismissing his servant.

When a servant is dismissed there is no necessity for the master to state the grounds for his dismissal. If however the servant institutes an action for wrongful dismissal the damages for being dismissed without a proper notice the employer must be able to prove that he had good grounds for dismissing him otherwise he may be mulcted in heavy damages where the employment is of a very lucrative nature. The measure of damages is the loss which naturally arises from the effect of the dismissal. This will be generally speaking the salary or wages which would have had to be paid if the servant had been engaged up to the end of his proper term of service. But it does not always follow that the servant will obtain the full amount. When he is dismissed he must endeavour to get fresh employment and if he succeeds in doing so the wages paid in respect of the new service are deducted from the amount which would otherwise be claimable from his former master. It is therefore just possible that if a dismissed servant gets a new situation at once the damages sustained will be only nominal.

On the other hand a servant who quits his master's service without proper notice is liable to an action at law for the damage sustained by the master through the loss of the servant's services. The improbability of obtaining any material satisfaction out of an action of this kind makes this class of case extremely rare. It may be recalled that for maliciously breaking a contract of service in connection with municipal gas or water works a servant may be proceeded against criminally.

When a servant is dismissed he must leave the master's premises and if he refuses to do so he may be removed though no more force must be used in the removal than is actually necessary. If difficulties arise it is as advisable to summon a police constable who will see that there is no breach of the peace committed.

or vessel for wages on any voyage coastwise from port to port in the United Kingdom

Unless the period during which the service is to last is specially stated, the general rule is to construe the hiring as an ordinary one to which the terms of service applicable are those which are recognised by custom or usage. At one time it was held that a general hiring was a hiring for a year, and that if the full year was not served there was no right to demand the payment of the wages agreed upon. This idea is now completely exploded. When no term is specifically fixed, the best guide is the periodic payment of wages. Thus, if wages are paid once a week, there will be a presumption that the hiring is for a week, if paid once a month, the hiring will be held to be monthly, and so on. Particular classes of servants may be subject to special rules which have come to be looked upon as the customary hiring recognised by the courts. Servants engaged by the Crown—civil, naval, or military—hold their offices during the pleasure of the Crown. Moreover, no engagements made by the Crown with its naval or military servants, in respect of services, can be enforced in any court of law.

The death of either the master or the servant puts an end to the contract. The relationship is entirely personal, and as no substitute can be provided by the servant—unless agreed upon by the parties—so no one can step into the shoes of a deceased master. This rule may, in certain cases, work much hardship, but it is very rarely put into force with all its strictness. And, indeed, the law will assist the servant of a deceased master if there is any possibility of supporting a fresh contract. Thus, the master of a house dies. All his servants cease to be employed, in a legal sense, at the moment of his death. But if any of them remain on and do any work, even when that work is of the same character as the work previously done, the law will presume that a new contract of service has been entered into with the representatives of the deceased, and these representatives will be liable to pay the wages earned as they become due.

In cases other than death, the relationship of master and servant is put an end to by a proper notice. The notice can be given on either side. What is a proper notice depends upon various circumstances. If the contract of service has specially provided for it, the length of notice is established. In other cases, however, it is generally a question of custom. As already stated, the general rule of a yearly hiring has been thoroughly exploded. If, of course, the hiring is yearly, there could be no dismissal until the end of the year, except for disobedience, or some other offence of a kindred character. But it may be stated as a general proposition that the notice required when wages are paid weekly is a week, and when paid monthly, a month, though here, again, special custom may have settled what is the notice required by law. Thus, a clerk can be discharged with three months' notice and a menial servant with one. (The term "menial servant" has been held to include a head-gardener residing in a detached house in his master's grounds, and a huntsman, but not a governess.) This uncertainty makes it all the more necessary that this question should be settled at the commencement of the hiring. When there is no stipulation as to the length of notice to be given, there must be a reasonable or customary notice. What is a reasonable notice is a question of fact in each instance. In the case of an advertising agent, a

month's notice was found to be sufficient. In another case, where a clerk in a telegraph office had a yearly salary of £135, paid fortnightly, a month was held to be a reasonable notice for a person in his position.

There has been considerable difficulty on more than one occasion as to the length of notice that ought to be given in the case of domestic servants, a certain custom having been set up more than once that the service can be terminated at the end of the first month by a notice given during that month. This, however, has not been generally accepted, and it would appear that if anyone wishes to rely upon it, evidence must be adduced in court as to the same. The importance of this is apparent when the question of the payment of wages comes up. If a notice is improperly given by a master, the servant is entitled to claim his wages up to the time when his term of service would have come to an end in a legal manner. On the other hand, if it is the servant who gives notice, he must continue up to the end of the time when his term of service would have rightly come to an end, otherwise he is not entitled to any wages for the portion of the time during which he has acted as servant.

A servant must use all proper care in dealing with the property of his master which is entrusted to him. If he is guilty of gross negligence by which such property is injured, he will be liable to an action at law. There is no duty laid upon him to protect his master's property at all risks, and he will not be responsible for losses arising through robbery. The whole of the servant's working hours are at the disposal of his master, and may be utilised in any manner the master desires, though no servant can be compelled to obey any unlawful command or order. The strictest honesty is demanded in dealing with the goods or property of the master, and also with any moneys paid to the servant on behalf of his master. If a servant retains and converts to his own use any sum of money which is paid to him on behalf of his master he is guilty of embezzlement. Such an act on the part of any other person than a clerk or servant would, prior to the passing of the Larceny Act, 1901, have simply given rise to an action to recover the same in a civil court, but now, by the provisions of the Act just named, it constitutes a misdemeanour if the same is done fraudulently.

A master is responsible for the negligent acts of his servant, whereby a third party is injured, provided the servant is acting in the ordinary course of his duty, and within the scope of his authority. But if the servant is engaged in some enterprise or business which is altogether unconnected with his service, or if he is chargeable with anything which imposes a criminal liability upon him, the master is not responsible.

Again, it is the duty of every master to indemnify his servant from the consequences of doing anything in obedience to orders, the servant at the time believing them to be lawful. But there is no obligation to indemnify if the servant knew that the orders were unlawful, nor if damage has arisen to the servant through acting in direct disobedience to his master's orders.

It is, of course, incumbent upon the master to pay the stipulated salary or wages as they become due. If payment is not made, the servant is entitled to sue for the moneys due, and this can be done personally, even though the servant is an infant. There is no necessity for the intervention of a "next friend" (*q v*). Also, if the master becomes bankrupt

England and Wales. It is the Master of the Rolls who signs the certificate of every solicitor (*gr*) and whenever a solicitor is struck off the rolls it is to him that any application must be made for his reinstatement. The salary attached to the office is £6,000 per annum.

**MASTER PORTER**—This is a person who is licensed by the various dock companies and harbour boards to attend to the receiving weighing and sorting of goods or to the proper discharge of vessels upon their arrival in port.

**MASTIC**—A pale yellow gum resin obtained by incision from the bark of the *Ficus lentiscus* a tree common in South Europe particularly in Greece. It hardens on exposure to the air but softens again under the action of heat. It is employed in the preparation of a varnish for varnishing prints etc. and is sometimes used as a cement stopping in dentistry.

**MATCHES**—Splints made usually of white Canadian pine tipped with a combustible compound which easily ignites by friction. The splints which are the length of two matches are fixed by the middle in frames and both ends are then slightly charred passed through a bath of paraffin wax and finally dipped into the lighting paste. This varies in composition according to the manufacturer but usually contains in the case of non-safety matches red and white phosphorus chlorate of potash or saltpetre red lead or black oxide of manganese and sand or powdered glass. These ingredients are coloured by means of an aniline dye and are mixed with glue or dextrine. After the matches have been dipped in this paste they are dried out in two and boxed. As white phosphorus is injurious to the matchmakers and may be too easily ignited the use of this ingredient has fallen into disfavor and is even forbidden by law in Holland and Denmark. The paste with which safety matches are prepared consists of chlorate of potash sulphide of antimony and glue without phosphorus. The last named substance is however present together with black oxide of manganese or sulphide of antimony in the coating which forms the rubbing surface of the box. Vestas require a highly inflammable paste as violent friction would bend their stems of wax or tallow. The usual lighting composition is employed in the case of fuses but they are previously dipped in another paste consisting of nitre and charcoal. In France the manufacture of matches is a Government monopoly and the paste consists generally of a mixture of sesquioxide of phosphorus. Match-making is an important industry of Great Britain the United States Austria or Germany but the latter exports come from Scandinavia where Jönköping has a tremendous trade.

**MATE**—The person who is second in command of a vessel a step below the captain or master when the latter is unable to command. In the case of large vessels there are first and second mates each being in turn to take supreme command of the ship with regard to discipline by accident or necessity.

**MATE**—An infusion prepared from the leaves of the *Ilex paraguariensis* a species of bay tree found in South America. It is called *mate* the native name of tea, and is often known as *tereré*. It is a favorite beverage in South America especially in Brazil lemon juice being sometimes added.

**MATE'S RECEIPT**—This is a document which

is given by the mate of a ship acknowledging the receipt of pacified goods on board. This receipt is afterwards given up to the ship broker in exchange for the bills of lading (*gr*).

**MATICO**—The aromatic leaves of a Peruvian shrub useful in medicine for their styptic properties.

**MATTING**—The material used for carpets is prepared with under separate headings.

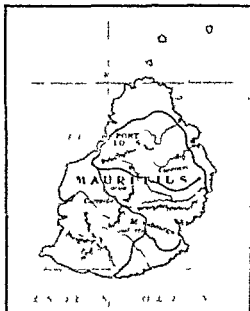
**MATURE**—A bill of exchange is said to mature when the date of payment has arrived.

**MATURITY**—This term signifies the state upon which a bill of exchange is presented or any other similar commercial document becomes payable.

**MAUND**—(See FOREIGN WEIGHTS AND MEASURES—PERSIA.)

**MAUNDY MONEY**—Every year upon Maundy Thursday the day before Good Friday a distribution is made of money to a certain number of poor men and poor women the number varying with the age of the Sovereign. The coins distributed are silver ones a fourpenny piece a threepenny piece a twopenny piece and a penny piece. The standard weight of these coins is set out in the article COINAGE. Except as curiosities to collectors of coins Maundy Money has no interest whatever as far as commercial matters are concerned.

**MAURITIUS**—A small island in the Indian Ocean about 500 miles east of Madagascar.



It has an area of 713 square miles and a population of 373,000. At one time the colony included the islands of Rodrigues and Reunion but these were separated from Mauritius in 1810.

The greater part of the island is covered by the forest of lowland area being in the center. The land is fertile and well watered. The climate is healthy and the soil is rich. The population is of mixed race and the language is French. The capital is Port Louis. The island is a British colony and is a member of the Commonwealth of Nations. It is a member of the Indian Ocean Rim Association and the Southern African Development Community.

In the case of a domestic servant who is being summarily dismissed, no master or mistress should ever take upon himself or herself the responsibility of searching boxes, etc., if a theft is suspected. Nor must the servant be detained. This might give rise to an action for false imprisonment, and the employer would be unable to succeed unless it was shown that a theft had in fact been committed. The proper method to be adopted is to obtain a search warrant (*qv*) from a magistrate, when the magisterial authority covers the individual's act. Another way is to call in a police-constable, who will advise as to the best course to be taken. A constable can do what a private individual cannot. It is to be remembered that the former can act upon a reasonable suspicion of a felony having been committed, the latter must, in addition, have good grounds for suspecting a particular person before he can act with safety. (See ARREST, RIGHT OF.)

There is no legal obligation imposed upon a master or a mistress to give a character to a servant, and if there is any doubt about the matter it is the safest plan to decline to say or to write anything at all. Silence will prevent future annoyance. But if a character is given, it must be an honest expression of the belief of the person giving it. Characters belong to the class of communications known as privileged, for which no action for defamation (*qv*) will lie. But the privilege must not be carried too far. And proof of the existence of any express or implied malice will easily destroy the privilege. Malice is a question for a jury, and there are clearly an enormous number of ways in which a jury may find evidence of malice. Each case must rest upon its own facts. The main thing to be observed by way of precaution, when it may be necessary to claim privilege, is to take care to avoid publicity as much as possible, and in order to run no risks as to there being any evidence of malice, communications as to characters should not be sent by post card or telegram, so that they can be read by everybody. The mere sending of a post card containing libellous matter is a sufficient publication. The question as to the recovery of damages in cases of libel and slander belongs to the general law of torts, and needs no further discussion here. A little exercise of common sense and calm discretion ought to make such an action by a servant a practical impossibility, or rather it ought to render the chances of a successful issue for the servant very remote. A master must not, however, in his anxiety to run no risks on the ground of giving a bad character, give a character which is palpably false, and so enable the servant to procure a new situation. If the new master suffers damage through engaging a servant upon the strength of a former good character, the old master will be liable to pay damages suffered by the new one through the servant employed, on the ground of deceit. But the character in such a case must be a written one. (See DECEIT.) Lastly, a master who wilfully gives a false character to enable a servant to procure a new situation is guilty of a misdemeanour, and is liable to be prosecuted.

Where a servant has had a written character of a general nature upon entering into a particular service, and not one specially addressed to his employer, the master is bound to return such a written character before or at the termination of the service, and is liable for damages in case he mutilates or destroys the same.

Special provisions were made for the settlement

of disputes between employer and workmen, other than seamen or apprentices to the sea service, by an Act of 1875.

Special provision has been made in recent years for the settlement of disputes between employers and workmen. It does not apply to domestic or menial servants. Proceedings may be taken in a county court, and the court may—

(1) Adjust and set off against each other the claims of the employer and workman, whether the claims are liquidated or unliquidated, and are for wages, damages, or otherwise.

(2) Rescind, if it thinks proper, any contract between the workman and the employer on such terms as to the apportionment or payment of wages or damages as may appear just.

(3) Accept security from the defendant, with the consent of the plaintiff, that he will perform his contract. The security must be an undertaking by the defendant, and one or more sureties, that the defendant will perform his contract, subject, on non-performance, to the payment of a sum to be specified in the undertaking.

Where the amount claimed or in dispute does not exceed £10, the matter may be heard and determined by a court of summary jurisdiction. No security then taken may exceed £10.

It is an indictable offence for any persons to conspire together to obstruct an employer in the conduct of his business by persuading his workmen to leave him, so as to induce him to make a change in the mode of carrying on his business. But no action will lie against an official of a trade union for procuring the dismissal from their employment of non-union workmen in the same trade, unless the dismissal is brought about by the employer being induced to break his contract with the workmen. On the other hand, however, a malicious conspiracy of several persons to injure a person in his business by inducing his customers or servants to break their contracts with him, or not to enter into contracts with him, not to deal with him, or not to continue in his employment, when such conduct results in damage, is actionable. But trade unions are now protected by the Trades Disputes Act, 1906.

For the settlement of trade disputes, powers have been conferred upon the Board of Trade to effect a reconciliation. This is now effected in various ways. When it is shown that any difference exists between an employer and his workmen, the Board has authority to inquire into the causes and circumstances of the dispute, to take steps to arrange a meeting of the parties, and to appoint a person or persons to act as arbitrator, conciliator, or as a board of conciliation. (See STRIKE, TRADE UNION.)

**MASTER OF A SHIP.**—This is the same as the commander of a merchant ship. His authority is confined to the navigation of his vessel and to the absolute control of its management during the continuance of the voyage. Any special agreement will be sufficient to extend these powers. As to his peculiar powers where there are exceptional difficulties as to the completion of any particular journey, see BOTTOMRY AND RESPONDENTIA.

**MASTER OF THE ROLLS.**—As the custodian of the public records, an office dating from the time of Edward II, the position of the Master of the Rolls is one of great honour as well as of great antiquity. At the present time, however, he is chiefly known as the acting President of the Court of Appeal. In addition to his judicial functions, he has a certain amount of control over the solicitors practising in

**England and Wales.** It is the Master of the Rolls who signs the certificate of every solicitor (see) and whenever a solicitor is struck off the rolls it is to him that any application must be made for his reinstatement. The salary attached to the office is (\$8,000 per annum).

**MASTER PORTER.**—This is a person who is licensed by the various dock companies and harbour boards to attend to the receiving, weighing and sorting of goods or to the proper discharge of vessels upon their arrival in port.

**MASTIC.**—A pale yellow gum resin obtained by incision from the bark of the Pistacia lentiscus a tree common in South Europe particularly in Greece. It hardens on exposure to the air but softens again under the action of heat. It is employed in the preparation of a varnish for varnishing prints etc. and is sometimes used as a cement stopping in dentistry.

**MATCHES.**—Spirits made usually of white Canadian pine tipped with a combustible compound which easily ignites by friction. The spirits which are the length of two matches are fixed by the middle in frames and both ends are then slightly charred passed through a bath of paraffin wax and finally dipped into the igniting paste. This varies in composition according to the manufacturer but it always contains in the case of non-safety matches red and white phosphorus chlorate of potash or saltpetre red lead or black oxide of manganese and sand or powdered glass. These ingredients are coloured by means of an aniline dye and are mixed with glue or dextrine. After the matches have been dipped in this paste they are dried cut in two and boxed. As white phosphorus is injurious to the matchmakers and may be too easily ignited the use of this ingredient has fallen into disuse and is even forbidden by law in Holland and Denmark. The paste with which safety matches are prepared consists of chlorate of potash sulphide of antimony and glue without phosphorus. The last-named substance is however present to ether with black oxide of manganese or sulphide of antimony in the coating which forms the rubbing surface of the box. Vestas require a highly inflammable paste as violent friction would bend their stems of wire and charcoal. In France the manufacture of matches is a Government monopoly and the paste consists generally of a mixture of sesqui sulphide of phosphorus. Match making is an important industry of Great Britain the United States Austria and Germany but the latest exports come from Scandinavia where Jönköping does a tremendous trade.

**MATE.**—The person who is second in command of a vessel acting as deputy of the captain or master when the latter is unable to command. In the case of large vessels there are first second and third mates each being in readiness to take supreme command if all the others are incapacitated by accident or otherwise.

**MATE.**—An infusion prepared from the leaves of the *Mate paraguayensis* a species of holly tree found in South America. It contains the active principle of tea and is often known as Paraguay tea. It is a favourite beverage in South America, especially in Brazil lemon juice being usually mixed with it.

**MATE'S RECEIPT.**—This is the document which

is given by the mate of a ship and which is a receipt of specified goods on board. This receipt is afterwards given up to the ship's broker in exchange for the bills of lading (see).

**MATICO.**—The aromatic leaves of a Peruvian shrub useful in medicine they are used for the preparation of a tincture.

**MATTING.**—The rice mat used for the floors of the houses of the East.

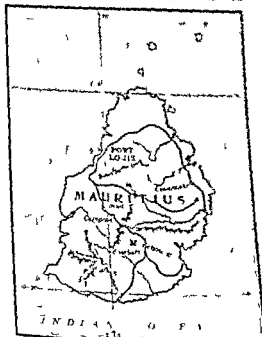
**NATURE.**—A bill of exchange is a bill of exchange when the date of payment has arrived.

**NATURALITY.**—This term signifies a bill of exchange which a bill of exchange is a bill of exchange when the date of payment has arrived.

**MAUND.**—(see) LONDON WEIGHT AND MEASURES—1 TON.

**MAUNDY MONEY.**—Every year after Maundy Thursday the day before Good Friday a sum of money is made of money to a certain number of poor men and poor women the money being given with the age of the sovereign. The money is given in four parts a first penny given to a poor man a second penny given to a poor woman a third penny given to a poor man and a fourth penny given to a poor woman. The standard weight of these coins is as follows: the first penny 1.5 grains the second penny 1.5 grains the third penny 1.5 grains the fourth penny 1.5 grains. The money is given to the poor men and poor women who have no other means of subsistence as far as commercial matters are concerned.

**MAURITIUS.**—An island in the Indian Ocean about 500 miles east of the Cape of Good Hope.



It has an area of 713 square miles and a population of 373,000. At one time the coloured population consisted entirely of imported negroes. Now however two-thirds of the people are Indians.

The greater part of the surface is mountainous the chief lowland area being in the north. The shores are fringed with coral reefs and the only good harbours are at Port Louis (\$3,000) in the north and the present capital and chief port and Grand Port in the south west where the original Dutch settlement was made but now almost abandoned on account of the surf caused by the south east trades. The largest inland town is Curepipe which on account of its altitude is



a cool climate. There are altogether about 120 miles of railway in the colony.

The principal industry is sugar growing, now carried on largely by Indians on small holdings. Cocoanuts, vanilla, hemp, and other fibres are also grown. Except near the coast, the valuable forests that formerly existed have been cut down. The exports are of the annual average value of £2,380,000, of which about £2,000,000 is unrefined sugar, and of this £200,000 comes to Britain. The rest in order of value are: Fibres, molasses, rum, vanilla, and coconut oil. Most of the trade is with other British Possessions in the Indian Ocean, South Africa, India, and Australia.

The imports, to the annual average value of £1,200,000 are almost entirely from Britain, and comprise manure, cotton goods, machinery and iron goods, coal, and soap.

The island was captured from the Dutch in 1810, and is now administered as a Crown Colony.

When first discovered, Mauritius was the home of the now famous and extinct dodo, while in the neighbouring island of Aldabra were found giant tortoises.

Mails are despatched to Mauritius once a month via Ceylon, and twice a month via Marseilles. The time of transit is twenty-eight days.

**MAW SEED.**—The seeds of a species of poppy used as a food for cage birds. The imports come from Russia.

**MAYOR.**—The highest municipal office to which a burgess or citizen can attain. The appointment of a mayor is made annually on the 9th November, unless that date happens to be a Sunday, when the following day is the one selected for the appointment. The mayor is the principal magistrate for his year of office.

The choice of a mayor is generally made from amongst the members of the borough council who have served for a considerable number of years and gained experience. There is nothing, however, to prevent a person outside the council being appointed, so long as he is one who is qualified otherwise to be a councillor, and where the duties are of an onerous and expensive character, it may become very necessary to go to outside persons to find willing candidates. In many towns there is no emolument fixed to the office, but some of the larger and more important cities are finding it imperative to make some allowance. For example, in Liverpool the allowance is £2,700 a year.

Since the passing of the Act of 1907 extending the qualifications of women (County and Borough Councils Act, 7 Edw VII c 33), any woman who is qualified to be an elector may now be elected as mayor, alderman, or councillor. A woman, however, who is elected as mayor cannot occupy the position of a justice of the peace. The Act only applies to England. A woman cannot be Lord Mayor of London.

The mayor is verbally addressed as "His Worship," and in writing as "The Worshipful the Mayor of ———."

In recent times the chief magistrates of Birmingham, Bradford, Bristol, Cardiff, Leeds, Liverpool, Manchester, Newcastle-on-Tyne, Norwich, Sheffield, York, Belfast, Dublin, and Cork, are styled as Lord Mayor.

The Lord Mayor of London is of old standing, and occupies a somewhat unique position. The Lord Mayors of London and York are also entitled to the prefix "Right Honourable."

**MAYOR'S COURT.**—This is one of the oldest civil courts in the country, its history going back to Saxon times. It is often known, though incorrectly, as the Lord Mayor's Court. At the present time its jurisdiction is unlimited so far as personal actions are concerned, if the cause of action or any part thereof has arisen within the city.

It sits about once a month, except that there is but one sitting in the Long Vacation (*q.v.*), and goes on from day to day until the lists are closed, though there is very rarely any court held on a Saturday. The judges are the Recorder of London (*q.v.*), the Common Serjeant (*q.v.*), and the Assistant Judge. Almost all cases are tried by a jury. The procedure of this court is peculiar, the old forms in use before the Judicature Acts being still in vogue. There is a right of appeal from this court to the Divisional Court as there is in county court cases.

**MEAD.**—The yellow fermented liquor prepared from honey and water, and long used as a beverage in North Europe. The name is now given to much stronger liquors, which contain brandy and fruit juices in addition to honey.

**MEASUREMENT ACCOUNT.**—For the purpose of calculating the freight upon goods of a light character, measurements are taken of the length, breadth, and depth of the cases in which such goods are despatched. These measurements are entered into an account known by the above name. When the freight is charged in accordance with measurement, the method invariably adopted for light goods, it is the practice to reckon 40 cubic ft to the ton.

**MEASUREMENT GOODS.**—Goods upon which the freight is charged by measurement and not by weight (See MEASUREMENT ACCOUNT).

**MEASURES.**—(See WEIGHTS AND MEASURES.)

**MEAT EXTRACTS.**—Nourishing preparations packed compactly for convenience of storage. They are obtained by boiling down the carcasses of oxen, but the processes of manufacture are known only to the makers. The meat "essences" are even more nutritious than the "extracts." The industry is growing in importance both in Europe and America.

**MEDJIDIE.**—(See FOREIGN MONIES—TURKEY.)

**MEDLAR.**—A tree belonging to the rose family, but yielding a yellow, pulpy fruit about the size of an apple, which is used for making jams and jellies. The medlar abounds in South Europe, but a wild variety is found in Britain.

**MEDOC.**—A famous claret named after the place in the Gironde district where it is made. Bordeaux is the centre of the export trade.

**MEERSCHAUM.**—A porous, fine-grained, soft, and compact mineral of white or yellowish colour. It consists of a hydrated silicate of magnesium, and occurs in clayey beds in Asia Minor, Greece, Morocco, and Spain. It is chiefly used in the manufacture of pipes and cigar-holders, an industry for which Vienna is famous. France also does a trade in fancy pipes made of meerschaum, but an artificial product is largely employed. The name is a German word, meaning "sea-foam," and is due to the tradition that meerschaum was obtained from that source by petrification.

**MEETINGS.**—In the case of public bodies, such as borough councils, county councils, district councils, etc., the articles relating to their meetings will be found under the heading of the body concerned, and to each of these reference must be made for full information.

**MEETINGS, COMPANY**—The administration of limited liability companies is carried on for the most part by means of meetings these meetings are of two distinct characters. The first are the meetings of the executive or board of directors who exercise executive control over the inner working of the business. The second class of meetings are those of the shareholders which are further subdivided into meetings of three distinct classes (a) Annual or general meetings (b) extraordinary meetings and (c) a statutory meeting which is the first meeting of the general body of shareholders in a company's career. It will be convenient to discuss the procedure as to the manner of convening and conducting these meetings separately.

**Directors' Meetings.** The provisions required by the statutes for holding meetings of directors are embodied in Section 71 of the Companies (Consolidation) Act 1908 wherein the proceedings of all meetings whether general meetings of shareholders or meetings of the Board are to be recorded in the form of minutes and entered in books kept for such a purpose. The Section further enacts that any such minute when signed by the chairman of the meeting at which the proceedings were transacted or by the chairman of the meeting next succeeding will constitute indisputable evidence of those proceedings. It will be necessary to refer to the articles of association regulating the company's transactions in order to discover the precise conditions under which meetings of directors are to be held. In general they may be stated as follows—

1 Board meetings are to be held at such times and places as the general body of the directors may determine. It is usual to arrange for time and place of future meetings at a meeting of the board when properly convened, but any individual director can request the secretary to call a board meeting whenever he chooses.

2 If vacancies occur upon the board of directors and the number of directors remaining are reduced to a smaller number than those required by the articles of association the directors still acting have power to appoint such other members of the company as are qualified to be directors they may themselves summon a general meeting of the shareholders for the purpose of appointing new directors. But until a sufficient number of directors have been appointed to conform with the requirements of the articles no action of the directors will be valid.

3 Questions put to the vote at meetings of the board will be decided by a show of hands decisions being arrived at by a majority of those present. Where the votes for and against are equal the chairman has power to exercise a second or casting vote.

4 It is usual to find in most articles of association some provisions which permit of separate committees being formed amongst the directors to transact any specified business such as for instance to deal with the transfer of shares or to report upon financial matters of the company. Unless the articles specify to the contrary it will be quite competent for the board to delegate one director to perform such duties. Business transacted by these committees or by a director deputed for this purpose is to be reported to and confirmed by the directors at a subsequent meeting of the board.

5 The number of directors to constitute a

quorum without which no business can be transacted will vary with all companies. The point will probably be decided by the articles of association. If however no provision is made for this then a majority of the directors appointed must constitute a quorum. It is unusual to find that directors have been invested with the power of arranging amongst themselves as to what number shall constitute a quorum.

6 The chairman who presides over board meetings will be the chairman of the company, but if no chairman has been elected or if the official chairman so elected is not in attendance within a certain prescribed time from the time of convening the meeting according to notice the directors present may then choose a chairman to act at that meeting.

7 In all probability the articles of association will require the secretary to give a proper notice to each member of the board or of any committees delegated by the board. So long as a director is not abroad he is entitled to receive such a notice and it can be deemed to have been duly delivered to him when sent to his registered address even though his actual whereabouts are known to those responsible. It is usual to specify on the notice some nature of the business to be transacted at the meeting. The usual course is for directors to pass a minute at one of their early meetings laying down some definite requirements as to this point and dealing with any other matters not covered by the articles which in this connection must be very carefully scrutinised.

The procedure to be observed at board meetings will be regulated by the agenda drawn up for each meeting. (See AGENDA.) It will be incumbent upon the chairman to see that the items are dealt with in strict rotation. It is usual to provide each member of the board with typed copies of the agenda to be dealt with as an additional safeguard against any member raising points which are irrelevant to the business under discussion.

Those members of the board attending each meeting will be required to sign an attendance book kept for the purpose. At the same time the chairman will enter upon the agenda paper the name of each director as he arrives. These entries upon the agenda papers should be made to tally with the signatures in the attendance book before the meeting terminates. It is important to note that all business transacted at meetings of the directors or by a committee the proceedings of which have been confirmed by the Board are perfectly valid though it may be shown that one or other of the directors who has voted for the business carried at any particular meeting was not qualified to act or even if any defect exists in regard to his standing as a director as provided by the articles of the company.

**Ordinary General, or Annual Meetings.** These meetings constitute the annual gathering of the shareholders when the business of the past year is taken under review and when directors and auditors are elected for the ensuing year. The Companies (Consolidation) Act 1908 Section 64 (1) requires all companies to hold a meeting once at least every year. The interval between any two meetings must not be more than fifteen months. In connection with this provision the statute imposes a heavy penalty of £50 against every officer of the company who knowingly makes

default. The clauses of Table A, which constitutes the first schedule to the above-mentioned statute, contain valuable illustration of what is required in this connection. Although the articles of some of the companies may differ to some extent, it will be usually found that the provisions of the table will apply in most instances.

The first important clause is 46, which repeats the provision of the Section above-mentioned, namely 64, and requires that, in default, the meeting shall be held in the month following that in which the anniversary of the company's incorporation occurred, the place of meeting to be decided by the directors. If the meeting is not so held, any two members may convene a meeting in the same manner as though the meetings were called by the directors.

The next clause distinguishes between special meetings of shareholders and general meetings, which are to be called "ordinary meetings."

Seven days' notice is to be given specifying the place, day, and hour at which the meeting is to take place, the seven days being reckoned so as to exclude the day on which the notice is despatched, so that the notice should be posted at least eight days before the holding of the meeting, in order to give seven clear days. Any special business and the general nature of this business must be specified in that notice, and the notices must be sent to all persons who are entitled to receive them. Should, however, a notice which has been duly despatched not reach any particular member or members, the proceedings at the meeting, when held, will not be invalidated.

Clause 51 forbids any business to be transacted unless a quorum of members is present when the meeting is due to commence. Table A gives three members as a quorum. The next clause lays it down that if within half an hour from the time for the commencement of the meeting a quorum has not been formed, the meeting will stand adjourned until the same day of the following week, but if the meeting was called on a requisition of members and a quorum be not formed, then the meeting can be deemed to be dissolved, a quorum is to be formed by members actually present.

The chairman to preside over meetings of shareholders will be the chairman of the board of directors or the chairman designated as the chairman of the company, but if the chairman is not present within fifteen minutes from the time when the meeting is announced to commence, or if he is not willing to act in that capacity, the members present are at liberty to choose a substitute from one of their number.

The chairman is empowered, with the consent of the meeting when a quorum is present or he may be so directed by the meeting to adjourn that meeting till a future time and place, but at such adjournment no other business than that for which the original meeting was convened can be transacted. If a meeting is adjourned for ten days or upwards, a fresh notice of the adjournment of the meeting is required, which notice must be given in the same manner as for general meetings of the shareholders, but if the adjournment is for less than ten days, a fresh notice is unnecessary.

Resolutions are put to the vote at general meetings, and will be carried by mere show of hands, unless a poll has been demanded by three or more members, whether the declaration of the result of the show of hands has been made or not.

Where the result of a show of hands has been declared by the chairman as to a majority, or if the measure has been lost and a record has been made in the minute book, it is conclusive evidence, and requires no further proof of the number of votes recorded for and against a particular resolution put to the meeting.

Clauses 57, 58 and 59 give directions as to the method of dealing with a demand for poll. It is open to the chairman to choose the method of taking a poll, and the result of that poll will be deemed to be the resolution before the meeting when the poll is demanded. The chairman is given power to exercise a second or casting vote where an equality of votes exists as a result of the show of hands or as a result of a poll, if a poll is demanded as to the election of a chairman or upon a question of adjournment, the poll has to be taken forthwith, but a poll demanded upon any other question before the meeting may be taken at such time and place as the chairman of the meeting may elect.

Members are generally provided with tickets of admission to meetings, but if the number of shareholders is small, it will be sufficient if members are required to sign their names in an attendance book kept at the entrance to the meeting room. Cards of admission will contain the name of the member, and should further require the member to attach his signature before giving the ticket up to the attendant. No member should be admitted unless this has been done, as it is essential that the signature of all members attending must be obtained, whether on cards or in an attendance book.

The following is a form of notice usually accompanying the report and accounts to be considered at general meetings—

#### THE .... COMPANY, LIMITED.

##### *Notice of Ordinary General Meeting.*

*Notice is hereby given that the ..... Ordinary General Meeting of the Company will be held at the ..... on ..... the ..... day of ..... 19.., at ..... o'clock, for the purpose of passing the directors' reports and accounts, to elect directors and auditors, to declare dividends, and for the ordinary business of the Company.*

*By Order of the Board,*

*Secretary.*

*Dated at ..... The Registered Offices of the Company, this .. day of ..... 19..*

The voting power of members, as well as the powers conferred upon the members as to voting by proxy (q.v.), will be contained in the articles of association of every company. It is usually left to the directors to prescribe what form the proxy shall take in the absence of any requirements contained in the articles; the form given in Table A makes no provision for the signature of a witness; in practice, however, this is almost universally required. Proxy forms should be completed and lodged with the secretary at the company's registered office, not less than forty-eight hours previous to the time fixed for the commencement of the meeting. The articles will in all probability contain some provision for this; if proxies are not delivered within





specific part of the company's property may be vested in trustees for the debenture holders thus constituting a fixed charge or there may be no security at all, except the company's undertaking to pay the interest and principal when due.

For each of these descriptions of debentures the condition of issue will naturally be different and incidentally the regulations (when there are any) governing the meeting of the holders will probably vary also.

Debenture holders do not hold regular meetings as is the case with shareholders. The necessity for their meeting will only arise in the event of the company failing to meet its obligations, either as to interest or principal or if it is considered that the security is in jeopardy or if it is desired to bring about some alteration in the terms of issue, as some compromise between the debenture holders and the company such as sanctioning surrender and release of any of the mortgaged property or a reduction in the rate of interest or postponement of the date when the principal falls due.

If there are no provisions in the conditions of issue for holding meetings it will probably be necessary to apply to the court which if it thinks fit will direct the calling of a meeting and will nominate the chairman but for an issue of debentures of any magnitude it is customary to have a trust deed wherein provision is made for concerted action by the holders of the bond in certain eventualities.

Another method is to include amongst the conditions endorsed on the bonds regulations for the convening and holding of meetings.

The power to convene is usually left with the trustees but not infrequently the company is also given this power although no meeting should be called by the company without due notice to the trustees stating the time and place of meeting and the business it is proposed to transact thereat. The debenture holders are commonly given the power to compel the trustees or the company to convene a meeting on a requisition signed by the holders of a certain proportion of the issue (or in the event of a part having been redeemed of a proportion of the amount outstanding) say one-tenth and if the trustees or the company refuse to call a meeting on such requisition the bond holders themselves are given the power to convene it. The trustees and their solicitor have the right at all times to be present whenever convenes the meeting whether it be the trustees the company or the debenture holders. The conveners usually have the privilege of nominating the chairman and if the conveners do not do so or if the person appointed does not attend within a reasonable time from the hour fixed for the meeting those present can choose one of their number to act as chairman.

Proper notice of the meeting must be given to all entitled to attend and if the debentures are registered debentures recourse must be had to the register which will be in the possession of the company for the names and addresses of the holders. If the debentures are in the form of bearer bonds then the notice will be by advertisement.

With regard to the necessary quorum the Stock Exchange requires this to be a clear majority in value of the whole of the debenture holders and insists that a provision to this effect should be contained in every trust deed securing an issue of debentures in respect of which an official

quotation is desired representation by proxy is allowed.

It was often found well nigh impossible to obtain the representation of so large a proportion of debenture holders and the Stock Exchange now allows a clause in trust deeds to the effect that if the prescribed quorum is not present within a reasonable time after the hour appointed for the meeting it may be postponed until another day when those bond holders who are present at the postponed meeting shall form a quorum.

If the conditions provide that certain business can only be transacted by means of a special resolution or an extraordinary resolution without defining those terms the definition contained in Clause 69 of the Companies (Consolidation) Act 1908 would probably have to be followed although the clause in question relates to general meetings of the members of the company. It is however usual to define in the conditions what is intended by the terms in question.

Acts of any importance especially those involving any modification of the rights of the bond holders are usually effected by extraordinary resolution the term special resolution scarcely ever finding a place in the conditions of issue.

Voting in the first instance is commonly by show of hands each voter having one vote. On a poll votes are usually allowed according to the value of the debentures held by each voter. If specially provided but not otherwise the chairman will in the event of a tie have a casting vote.

Representation by proxy is usually permitted although if the bonds are to bear this is unnecessary the holder being regarded as legal owner whether such is in fact the case or not.

A very important point to bear in mind with reference to the powers of a majority at meetings of debenture holders is that unless there be special powers in the conditions of issue enabling a majority to make such modifications as may be specified no modifications can be carried out against any holder who objects. He may insist on strict adherence to the original bargain to the injury perhaps of some who have a largely preponderating interest.

It must be understood that no settled procedure can be laid down as applying to all meetings of debenture holders. The information given in this article is merely an indication of the provisions which usually govern these meetings. The terms of issue and the trust deed (if any) must always be consulted by those responsible for either convening or conducting the meeting.

**MELON**—The juicy fruit of the *Cucumis melo* of the gourd family. The variety known as the water melon is most popular. Great Britain's supplies come mainly from Spain and Portugal but the fruit is widely distributed throughout South Europe and may be grown in frames in England.

**MELTON**—A soft but strong broadcloth used for men's garments.

**MEMORANDUM**—As to the memorandum required in certain cases to evidence a contract see **TRADE, STATUTE OF AND SALE OF GOODS**.

**MEMORANDUM OF ASSOCIATION**—Whenever a joint stock company is formed it is necessary that its objects should be set out with certainty and clearness so that the public may know on what basis trading is to take place. It is not like an individual trading on his own account or a combination of several persons trading in partnership.

when the extent of the business may be as great as possible. A company is a new legal entity which can only be brought into existence in certain ways, and statute law has decreed that it shall be carefully circumscribed as to its powers.

The document which sets forth the objects of the company is the memorandum of association, and it is, in fact, the charter of the company. It has to be prepared at quite an early stage, for until it has been filed, along with the articles of association (*qv*), if there are any articles, the company cannot be incorporated.

This memorandum is a most important document, seeing that it governs the company in respect of its transactions with the outside world, and it is to be carefully distinguished from the articles of association, which are the rules regulating the relations of the members of the company among themselves. In short, the memorandum describes the whole purpose for which the company is formed, and so long as it is unaltered, no act can be done which is not permitted by the memorandum. Any attempt to do something outside is *ultra vires* and illegal.

Together, the memorandum and the articles of association constitute, as it were, the "title deeds" of the company.

In the case of a public company seven or more persons are required to subscribe their names to the memorandum of association. In the case of a private company (*qv*), two are sufficient. These persons may be either British subjects or foreigners, but the purpose of the combination to form a joint stock company must be legal according to English law. The company may be incorporated with or without limited liability.

The memorandum is generally prepared by the promoter (*qv*) or the promoters of the company, when it is submitted to the proposed directors of the company which is about to be established. The contents will vary according to peculiar circumstances. There are, however, certain general requisites which must be complied with. These requisites are all fully set out in the Companies (Consolidation) Act, 1908. By the Act it is also prescribed that the forms in the third schedule of the Act, or forms as near thereto as circumstances will permit, shall be used in all matters to which the forms refer. It is only in the simplest cases, however, where the business is of small dimensions, that any of these forms would be used in practice. For instance, the third clause of the memorandum of association, generally known as the "objects clause," has now become a very elaborate statement, providing for all kinds of changes and chances. It is, however, quite easy to obtain copies of memoranda from various advertising companies, and a careful study of a few of them will afford much information on this point. Again, the fifth clause, relating to the capital of the company, is frequently as follows: "The capital of the company is £50,000 divided into 50,000 shares (to be numbered 1 to 50,000) of £1 each." Moreover, if the company desires to have certain powers with respect to the increase of capital a clause of the following character will often be added: "The company may increase its capital, and upon any increase of capital the company is to be at liberty to issue any new shares with any preferential, special, or qualified rights or conditions as regards dividends, capital, voting, or otherwise attached thereto. Dividends may be paid in cash or by the

distribution of specific assets or otherwise as provided by the regulations of the company." Again it is now the common practice for each subscriber to take one share only, the total number subscribed for in the first instance in a public company, being generally seven. In the case of a public company, of course, it cannot be less than seven.

The memorandum may be either written or printed. But printing is almost invariably adopted since each member is entitled to have a copy of the memorandum upon payment of a sum not exceeding one shilling, and the making of copies in writing would possibly be an intolerable burden. The penalty for failing to supply a copy of the memorandum is £1 for each offence.

Each provision as to the memorandum requires special notice, and all of them have been judicially considered on many occasions.

First, as to the name. Any individual may trade in his own name and so may two or more individuals trade in their own names, provided there is no fraud in doing so, *e.g.*, in trying to pass off the goods of one person as those of another. In the case of a joint stock company it is not so. The Act of 1908 (Sect 8, sub-sec. 1) provides that no registration shall take place under a name identical with that by which a subsisting company is already registered, or so nearly resembling the same as to be calculated to deceive, except where a subsisting company is in the course of being dissolved, and testifies its consent in such manner as the registrar requires, and if, by inadvertence such registration is effected, the new company may, with the sanction of the registrar, change its name and will receive a new certificate of incorporation, but without prejudice to any rights or obligations which have accrued prior to the date of the change. It is always advisable to inquire beforehand of the registrar of joint stock companies whether there is any objection to the use of a particular name. This inquiry must always be made in writing, as no verbal application will be attended to. But the mere fact of the acquiescence of the registrar will not prevent any company which feels aggrieved by the use of a particular name from taking steps to have the name struck off the register. The cases upon the matter of names are very numerous and not always easily distinguishable. The only safe plan is for a new company to select a name as far removed as possible from the name of any existing company. The keenness of modern trading is such that if a company is of opinion that its business is likely to be interfered with by a new company cutting into it by any means, the aggrieved one will assuredly seek for an injunction at the earliest possible moment.

It has just been stated that where a company is registered under a name which is identical with, or very similar to, the name of a subsisting company, and this has happened through inadvertence, the registrar may sanction a change of name under which the company has been registered and grant a new certificate of incorporation. A company however, is allowed to change its own name under Sect 8, sub-sec 3, by means of a special resolution (*qv*) and with the written approval of the Board of Trade. The usual course adopted is to pass a special resolution, then to file a copy of the same with the registrar and to give full particulars of what has taken place to the Railway Department of the Board of Trade. In due course, if the

satisfaction of the Board is given the company will be informed of the fact that the change of name is approved and a new certificate of incorporation will be issued by the registrar. No change of this kind can affect any of the rights and obligations which have accrued whilst the company was registered under its first name.

In the case of a company limited either by shares or by guarantee the word "limited" must appear as the last word of the name if the company is established for the purpose of gain. There can be no doubt that the legislature when it admitted the principal of limited liability intended that the whole world should be made acquainted with the fact that a company incorporated under the Companies Acts was enjoying the special privileges accorded. For this reason very stringent regulations have been imposed with regard to the use of the word. Every limited company must paint or affix and keep painted or affixed its name on the outside of every office or place in which the business of the company is carried on in a conspicuous position and in letters easily legible and must also have its name engraved in legible characters on its seal and mentioned in legible characters in all notices, advertisements and other official publications of the company and in all bills of exchange promissory notes indorsements cheques and orders for goods purporting to be signed by or on behalf of the company and in all bills of parcels invoices receipts and letters of credit of the company. Various penalties are imposed on the company for failure to comply with these requirements viz £5 per day for every day during which the name of the company is not exposed outside its place of business and £50 for any of the other matters just enumerated. Moreover if a director or the manager of the company knowingly and wilfully authorises the omission of the printing or affixing of the name each of them is liable to pay a penalty of £5 per day just as the company and any director manager or officer of the company is liable to pay a penalty of £50 in respect of any of the other matters enumerated. In addition such director officer or manager is also liable personally to the holder of any bill of exchange promissory note cheque, or order for money or goods for the amount of the same unless such amount is paid by the company.

It is a matter of importance that the name of the company should be stated fully and correctly whenever it is required to be used especially the word "limited". There have been cases in which explanations have been accepted for mistakes made but it is unsafe to rely upon these as precedents. But it is in the winding up (etc.) of a company that fullness and correctness are of most importance. Any error may render it necessary to re-commence the whole proceedings.

The only instance in which the word "limited" as the last word of a name of a company is not absolutely essential is under Sec 20 of the Act of 1908. There it is provided that if any association is about to be formed which is proved to the satisfaction of the Board of Trade to have for its purpose the promotion of commerce art science religion charity or any other useful object and if the association intends to apply any profits it may gain or any income which it receives in the carrying out of its objects and if the members are not to receive any dividend the Board may grant a licence to dispense with the use of the word

Limited. The Board of Trade may however impose any conditions and restrictions it may think fit and these will be binding upon the association. Also the Board may revoke the licence granted on giving notice to the association and after allowing it to be heard in opposition to the revocation. Associations of this kind are generally formed and limited by guarantee. It may further be noticed that a company or an association formed for the purpose of promoting art science etc. not involving the acquisition of gain by the company or by its individual members cannot hold more than ten acres of land without the sanction of the Board of Trade.

Just as it is illegal for a company limited by shares or by guarantee to omit the word "limited" as the last word of its name except as stated above so it is now illegal for an unincorporated association to use the word "limited" at all. If any person or persons trade or carry on business without being incorporated and use the word "limited" as a part of the name each of them is liable to a fine of £5 for every day upon which the word is so used.

It is not uncommon now to find the word "Royal Imperial" or some such word implying a connection with the Sovereign or a member of the Royal family used as a prefix to the name of the company. No company may make use of a prefix of this kind without the written permission of the Home Secretary and good reason will have to be adduced for the use of the word. The registrar of joint stock companies will never issue his certificate of incorporation containing any of the words just noticed unless he is satisfied that the requisite permission has been granted.

Secondly as to the situation of the registered office. Its locality must be stated whether England (which includes Wales) Scotland or Ireland. This fixes the domicile (q.v.) of the company. The place of registration for England is London for Scotland Edinburgh and for Ireland Dublin. The exact situation of the registered office (the number street and town) are contained in a separate document which is generally filed at the same time as the memorandum. When a company is registered in one part of the United Kingdom its domicile cannot be changed but the registered office of a company can be altered at any time provided that due notice of such change is given to the registrar.

Every company must have a registered office otherwise it renders itself liable in case it carries on business to a penalty of £5 per day for every day during which business is so carried on. Very slight acts will constitute carrying on business and a company may very easily render itself liable to penalties if it fails to comply with this requisition of the Act. The main object of this provision is the protection of creditors. To the registered office all communications and notices must be addressed and at it all summonses and writs must be served. Service at any other place is irregular and insufficient both in civil and criminal proceedings. Moreover the registered office is necessary as the place of deposit of certain documents which relate to the company. For example the register of members must be kept there and it is at the registered office that the right of inspection of these documents is exercisable. Again by Secs 101 and 102 of the Act of 1908 there are similar provisions as to the register of mortgages and by Sec 109 it is enacted that the



publication of the balance sheets of certain companies, notably banking and insurance companies, shall be exhibited in a conspicuous place at the registered office of the company as well as at any branch office or place where the business of the company is carried on. If a foreign or a colonial company which is incorporated outside the United Kingdom carries on business within the United Kingdom, it must supply the registrar with the names and addresses of some one or more persons resident in the United Kingdom upon whom writs, summonses, and notices may be served, and any change of address must be forwarded to the registrar within the time prescribed by the Board of Trade. It appears that when a company has in fact no registered office and it is necessary to serve certain documents upon it an application should be made to the court for an order for substituted service. This, however, is a matter of practice, and need not be discussed further here.

Thirdly, the objects of the company. The "object clause" has been referred to already. At the risk of repetition, it must be again stated that a company only exists for the purposes which are set out in its memorandum, and these cannot on any account be exceeded. It is, therefore, a matter of the utmost importance that nothing should be overlooked. A company may start in a small way, but there may be possibilities of expansion. Consequently, if a memorandum is examined, it will frequently be found that all sorts of trades and businesses are mentioned which have not apparently the remotest connection with the main object for which the company has been incorporated. This excess of caution often allows a concern to launch out when otherwise its efforts might be restricted. All acts done outside the memorandum are *ultra vires* and therefore null and void. If the directors take part in such acts, they may become personally responsible for any loss sustained. And, again, since a person who applies for shares does so on the faith of the prospectus which is supposed to incorporate the object clause of the memorandum, if the objects are in any way different the shareholder can repudiate his contract to pay the calls upon his shares. If this clause is sufficiently wide, a company can often extend its operations without making any application to the court, for it cannot be too carefully remembered that "a company may not alter the conditions contained in its memorandum except in the cases and in the mode, and to the extent for which express provision is made in this Act" (Sec. 7). It is better to be too prolix rather than too concise, and no reliance should be placed upon what are known as "general words" which may purport to extend the powers of a company almost indefinitely but which may indeed have no effect at all. When a memorandum is carefully prepared general words will be altogether excluded. Again, it is not advisable to insert powers in the memorandum but to leave them for the articles of association, the reason being that if they are included in the latter they can be altered by the company, whereas, as it has just been pointed out, the memorandum is, except in so far as is shown below, unalterable. It is almost superfluous to state that the objects for which a company is constituted must be legal—they must contravene neither the provisions of the Act nor the general law of the land.

The strictness as to the unchangeable character

of the memorandum of association was established in 1862 by the first great Act dealing with companies generally, and the terms of the old Act have been embodied in Secs 7 and 41 of the Companies (Consolidation) Act, 1908, the latter section of which has been recast so as to include all the further powers contained in the various Companies Acts since 1862. These sections refer to the powers of changing the name of the company and of altering the share capital of the company under certain conditions. Under the Act of 1862 it was impossible to alter the "objects clause" of the memorandum in any way whatever. If an alteration was desired the only course possible was to wind up the original company and to re-construct it for its new purpose. This cumbersome and expensive method of procedure remained in force until after the passing of the Memorandum of Association Act, 1890, but since that time it has been possible to effect a radical change by means of the machinery then first set up. The Act of 1890 is now replaced by Sec. 9 of the Act of 1908. It is to be noted that the court will not allow altogether new powers to be acquired by a company except in very special cases and on special terms. The practice adopted is, after the necessary special resolution (*q.v.*) has been passed, to present a petition to the court, setting out the whole of the facts connected with the company. After a summons in chambers full directions are given as to advertising the petition, giving notices, etc. Then, after a prescribed interval, generally a fortnight, the petition is again in court for its sanction. This is granted if all the necessary requirements have been fulfilled. The new memorandum is then filed with the registrar, and a new certificate of incorporation is granted to the company. If the company is one of those which need not use the word "Limited," the alteration in the memorandum cannot be obtained without the permission of the Board of Trade.

Fourthly, the limitation of liability. The memorandum states that the liability of each member is limited. When it is a company limited by shares, there is a declaration to that effect. When it is a case of a company limited by guarantee, the amount which has to be contributed by each member in the case of a winding-up must be stated. The liability of a shareholder generally is dealt with in the article *SHAREHOLDERS*.

Fifthly, the capital of the company. This is the last requisite of the memorandum. It is the statement as to the capital of the company, often called the "capital clause." It is only absolutely necessary in the case of companies limited by shares because in the case of companies limited by guarantee or of unlimited companies there is not necessarily any capital at all. If, however, there is any capital in a company limited by guarantee it must be shown in the memorandum. Not only must the amount of the capital be indicated but also the manner in which it is divided into shares. What is to be the amount of the capital of the company is a question to be decided by the promoters and it may vary to an almost indefinite extent. There is no legal limitation to the amount of capital or the nominal value of each share. Some companies have a capital of a few pounds only, others have a capital of millions. The nominal value of a share may be a few shillings or £10 000 or any other sum whatever. There are, however, two broad principles which may be laid

down for consideration in arriving at a decision as to what should be the amount of the capital. The first is when a company is formed for the purpose of taking over a going concern. The purchase price of the business goodwill etc. of the old firm must be the chief guide and thus having been settled there should be added to it such a sum as is required for working expenses and perhaps a certain further sum as a reserve. If it is certain that money can be borrowed on debentures the nominal capital will be reduced by the amount to be borrowed. The second case is where a company is formed to work an entirely new business. The maximum sum then required as capital is that which will suffice for working expenses together with whatever margin is considered necessary. The division of the capital is a matter entirely for the promoters of the company. The most common division is as has been already made clear into shares of £1 each but there is no need to fix the value at that amount. In some companies the shares are at a much higher figure apiece whilst in others they are as low as a shilling each. Again in some cases the shares of a company are divided into different classes and special rights are connected with each class. This division into classes ought to be set out in the memorandum so as to render the rights attached to them unalterable. It is however always possible to re-organise the share capital of the company upon an application to the court being made to that effect. Each subscriber of the memorandum must take one share at least and it is now the general practice for one share alone to be taken. The number of shares taken whether one or more than one must be written opposite the name of the subscriber.

At the end of the document there is a declaration of association called the association clause in the following form. We the several persons whose names and addresses are subscribed are desirous of being formed into a company in pursuance of this memorandum of association and we respectively agree to take the number of the shares in the capital set opposite our respective names. In the case of a company limited by guarantee or of an unlimited company the association clause is as follows taking the forms given in the third schedule of the Act. We the several persons whose names and addresses are subscribed are desirous of being formed into a company in pursuance of this memorandum of association. There is of course no undertaking as to the taking of shares and therefore the latter part of the clause as used for companies limited by shares has no place in those associations which belong to the other classes of companies provided for by the Act.

The form of subscriptions is given above according to the third schedule of the Act of 1908 and there must be appended the names addresses and descriptions of the members subscribing seven or two according as the company is a public or a private one. Of course the number of members just mentioned seven or two is the minimum but they can be increased to any extent even up to the total number of the shares. The subscriber must sign the memorandum or his name must appear there and if he does not sign himself the signature must be made by his duly authorised agent. Also it is necessary for each signature to be witnessed. If all the signatures are made at the same time one witness can attest the whole if they are made at different times an independent

witness will be required for each occasion though there is nothing to prevent the same person acting as witness over and over again. But one signatory cannot witness the signature of another signatory. The signatories need not be persons *sui juris* (q.v.). Thus an infant a married woman an alien or a bankrupt may subscribe the memorandum. It is not advisable however to admit an infant as the registrar of joint stock companies can refuse registration if he is aware that all the subscribers are not adults. In describing the parties care should be taken to be as accurate as possible as in this case also the registrar has a certain amount of discretion in accepting a memorandum which is faulty in any particular.

The memorandum of association requires to be stamped with a 10s dead stamp and after that has been done it is ready for presentation to the registrar. There are other stamp duties which must be paid but the question of stamp duties is dealt with in the article REGISTRATION.

One other matter only need be mentioned in connection with the requisites of the memorandum of association. If a company is to be registered without articles of association this fact must be stated on the back of the memorandum when it is presented to the registrar for registration.

**MEMORANDUM OF DEPOSIT**—When an equitable charge is given upon property and it is not required that a legal mortgage should be prepared—especially if the loan is not to be one for any extended period of time—it is customary for the borrower to hand over to the lender the title deeds of the property upon the security of which the loan is granted. Along with the deposit a memorandum is often signed setting out in general terms the conditions upon which the equitable mortgage is made. This is known as the memorandum of deposit (See **EQUITABLE MORTGAGE**).

**MENHADEN**—A fish of the herring family valuable for the oil extracted from it which is used in the dressing of leather in rope making and in mixing colours. The fish makes excellent manure and is also useful as a bait. It abounds in the Atlantic Ocean off the coasts of the United States.

**MENIAL SERVANT**—(See **MASTER AND SERVANT**).

**MENSURATION**—This is the name which is generally applied to that branch of arithmetic which deals with the rules by means of which areas surfaces and volumes are calculated. These rules are applicable in the case of regular figures. Where the figures are irregular it is necessary to call in the aid of the higher branches of mathematics which are beyond the scope of the present work. The following calculations however will be found of practical value—

**Areas.**—(1) *Triangle*—Let  $a$ ,  $b$  and  $c$  denote the three sides and let  $2s = a + b + c$ . The area is  $\sqrt{s(s-a)(s-b)(s-c)}$ .  $\sqrt{}$  denoting the square root. If the height of the triangle is known then the area may be found by multiplying the height by the base and dividing the product by 2.

(2) *Parallelogram*—The area is found by multiplying the base by the height. If the figure is a square any side squared gives the area.

(3) *Trapezium*—Let  $a$  &  $b$  be the parallel sides, and  $h$  the height. The area is  $\frac{h(a+b)}{2}$ .

publication of the balance sheets of certain companies, notably banking and insurance companies, shall be exhibited in a conspicuous place at the registered office of the company as well as at any branch office or place where the business of the company is carried on. If a foreign or a colonial company which is incorporated outside the United Kingdom carries on business within the United Kingdom, it must supply the registrar with the names and addresses of some one or more persons resident in the United Kingdom upon whom writs, summonses, and notices may be served, and any change of address must be forwarded to the registrar within the time prescribed by the Board of Trade. It appears that when a company has in fact no registered office and it is necessary to serve certain documents upon it an application should be made to the court for an order for substituted service. This, however, is a matter of practice, and need not be discussed further here.

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The form of subscriptions is given above according to the third schedule of the Act of 1908 and there must be appended the names addresses and descriptions of the members subscribing seven or two according as the company is a public or a private one. Of course the number of members just mentioned seven or two is the minimum but they can be increased to any extent even up to the total number of the shares. The subscriber must sign the memorandum or his name must appear there and if he does not sign himself the signature must be made by his duly authorised agent. Also it is necessary for each signature to be witnessed. If all the signatures are made at the same time on witness can attest the whole. If they are made at different times an independent

witness will be required for each occasion though there is nothing to prevent the same person acting as witness over and over again. But one signatory cannot witness the signature of another signatory. The signatories need not be persons *sui juris* (q.v.). Thus an infant a married woman an alien or a bankrupt may subscribe the memorandum. It is not advisable however to admit an infant, as the registrar of joint stock companies can refuse registration if he is aware that all the subscribers are not adults. In describing the parties care should be taken to be as accurate as possible as in this case also the registrar has a certain amount of discretion in accepting a memorandum which is faulty in any particular.

The memorandum of association requires to be stamped with a 10s. deed stamp and after that has been done it is ready for presentation to the registrar. There are other stamp duties which must be paid but the question of stamp duties is dealt with in the article REGISTRATION.

One other matter only need be mentioned in connection with the requisites of the memorandum of association. If a company is to be registered without articles of association this fact must be stated on the back of the memorandum when it is presented to the registrar for registration.

**MEMORANDUM OF DEPOSIT**—When an equitable charge is given upon property and it is not required that a legal mortgage should be prepared—especially if the loan is not to be one for any extended period of time—it is customary for the borrower to hand over to the lender the title deeds of the property upon the security of which the loan is granted. Along with the deposit a memorandum is often signed setting out in general terms the conditions upon which the equitable mortgage is made. This is known as the memorandum of deposit. (See EQUITABLE MORTGAGE MORTGAGE.)

**MENHADEN**—A fish of the herring family valuable for the oil extracted from it which is used in the dressing of leather in rope making and in mixing colours. The fish makes excellent manure and is also useful as a bait. It abounds in the Atlantic Ocean off the coasts of the United States.

**MENTAL SERVANT**—(See MASTER AND SERVANT.)

**MENSURATION**—This is the name which is generally applied to that branch of arithmetic which deals with the rules by means of which areas surfaces and volumes are calculated. These rules are applicable in the case of regular figures. Where the figures are irregular it is necessary to call in the aid of the higher branches of mathematics which are beyond the scope of the present work. The following calculations however will be found of practical value—

(1) **Triangle**—Let  $a$ ,  $b$ , and  $c$  denote the three sides and let  $2s = a + b + c$ . The area is  $\sqrt{s(s-a)(s-b)(s-c)}$ . The height is known then. If the height of the triangle is known then the area may be found by multiplying the height by the base and dividing the product by 2.

(2) **Parallelogram**—The area is found by multiplying the base by the height. If the figure is a square any side squared gives the area.

(3) **Trapezium**—Let  $a$ ,  $b$ , and  $h$  be the parallel sides and  $h$  the height. The area is  $\frac{1}{2}(a+b)h$ .

publication of the balance sheets of certain companies, notably banking and insurance companies, shall be exhibited in a conspicuous place at the registered office of the company as well as at any branch office or place where the business of the company is carried on. If a foreign or a colonial company which is incorporated outside the United Kingdom carries on business within the United Kingdom, it must supply the registrar with the names and addresses of some one or more persons resident in the United Kingdom upon whom writs, summonses, and notices may be served, and any change of address must be forwarded to the registrar within the time prescribed by the Board of Trade. It appears that when a company has in fact no registered office and it is necessary to serve certain documents upon it an application should be made to the court for an order for substituted service. This, however, is a matter of practice, and need not be discussed further here.

Thirdly, the objects of the company. The "object clause" has been referred to already. At the risk of repetition, it must be again stated that a company only exists for the purposes which are set out in its memorandum, and these cannot on any account be exceeded. It is, therefore, a matter of the utmost importance that nothing should be overlooked. A company may start in a small way, but there may be possibilities of expansion. Consequently, if a memorandum is examined, it will frequently be found that all sorts of trades and businesses are mentioned which have not apparently the remotest connection with the main object for which the company has been incorporated. Thus excess of caution often allows a concern to launch out when otherwise its efforts might be restricted. All acts done outside the memorandum are *ultra vires* and therefore null and void. If the directors take part in such acts, they may become personally responsible for any loss sustained. And, again, since a person who applies for shares does so on the faith of the prospectus which is supposed to incorporate the object clause of the memorandum, if the objects are in any way different the shareholder can repudiate his contract to pay the calls upon his shares. If this clause is sufficiently wide, a company can often extend its operations without making any application to the court, for it cannot be too carefully remembered that "a company may not alter the conditions contained in its memorandum except in the cases and in the mode, and to the extent for which express provision is made in this Act" (Sec. 7). It is better to be too prolix rather than too concise, and no reliance should be placed upon what are known as "general words" which may purport to extend the powers of a company almost indefinitely but which may indeed have no effect at all. When a memorandum is carefully prepared general words will be altogether excluded. Again, it is not advisable to insert powers in the memorandum but to leave them for the articles of association, the reason being that if they are included in the latter they can be altered by the company, whereas, as it has just been pointed out, the memorandum is, except in so far as is shown below, unalterable. It is almost superfluous to state that the objects for which a company is constituted must be legal—they must contravene neither the provisions of the Act nor the general law of the land.

The strictness as to the unchangeable character

of the memorandum of association was established in 1862 by the first great Act dealing with companies generally, and the terms of the old Act have been embodied in Secs. 7 and 41 of the Companies (Consolidation) Act, 1908, the latter section of which has been recast so as to include all the further powers contained in the various Companies Acts since 1862. These sections refer to the powers of changing the name of the company and of altering the share capital of the company under certain conditions. Under the Act of 1862 it was impossible to alter the "objects clause" of the memorandum in any way whatever. If an alteration was desired the only course possible was to wind up the original company and to re-construct it for its new purpose. This cumbersome and expensive method of procedure remained in force until after the passing of the Memorandum of Association Act, 1890, but since that time it has been possible to effect a radical change by means of the machinery then first set up. The Act of 1890 is now replaced by Sec. 9 of the Act of 1908. It is to be noted that the court will not allow altogether new powers to be acquired by a company except in very special cases and on special terms. The practice adopted is, after the necessary special resolution (*g v*) has been passed, to present a petition to the court, setting out the whole of the facts connected with the company. After a summons in chambers full directions are given as to advertising the petition, giving notices, etc. Then, after a prescribed interval, generally a fortnight, the petition is again in court for its sanction. This is granted if all the necessary requirements have been fulfilled. The new memorandum is then filed with the registrar, and a new certificate of incorporation is granted to the company. If the company is one of those which need not use the word "Limited," the alteration in the memorandum cannot be obtained without the permission of the Board of Trade.

Fourthly, the limitation of liability. The memorandum states that the liability of each member is limited. When it is a company limited by shares, there is a declaration to that effect. When it is a case of a company limited by guarantee, the amount which has to be contributed by each member in the case of a winding-up must be stated. The liability of a shareholder generally is dealt with in the article **SHAREHOLDERS**.

Fifthly, the capital of the company. This is the last requisite of the memorandum. It is the statement as to the capital of the company, often called the "capital clause." It is only absolutely necessary in the case of companies limited by shares because in the case of companies limited by guarantee or of unlimited companies there is not necessarily any capital at all. If, however, there is any capital in a company limited by guarantee it must be shown in the memorandum. Not only must the amount of the capital be indicated but also the manner in which it is divided into shares. What is to be the amount of the capital of the company is a question to be decided by the promoters and it may vary to an almost indefinite extent. There is no legal limitation to the amount of capital or the nominal value of each share. Some companies have a capital of a few pounds only, others have a capital of millions. The nominal value of a share may be a few shillings or £10,000 or any other sum whatever. There are, however, two broad principles which may be laid

of the carrier and the other a reduced rate in which case they make it a condition of carriage that the sender relieves them of all liability for loss or damage except upon proof that such loss or damage arose from wilful misconduct on the part of the company's servants—the condition relieving the company when goods are carried at the lower rate is just and reasonable. The question of the reasonableness of the alternative rate is for the judge and not for the jury. When a railway company agree to carry at a reduced rate (the contract being *bona fide* and not colourable) upon condition of being relieved from the ordinary liability for negligence and to be responsible only for the consequences of the wilful misconduct of their servants it will be for the plaintiff in an action for injury to the goods carried to prove more than culpable negligence. There must be evidence of actual wilful misconduct causing the injury. Delivery of the goods to a person whom the servant of the railway company knows not to be the consignee or his agent is misconduct. The reasonableness of the conditions in a special contract made by a railway company will materially depend upon the nature of the articles to be conveyed, the degree of risk attendant upon their conveyance, the rate of charge made and whether the railway company were bound by the common law or by statute to carry the articles on being paid the customary hire or whether it was in their power to reject them altogether and refuse to carry them upon any terms. A condition is reasonable which reduces a railway company's liability to a minimum if it is coupled with compensatory advantages such as cheapness of carriage and the customer has the alternative of getting rid of the condition by paying a reasonably higher rate. A railway company cannot compel the senders of goods to put on the consignment notes the words owner's risk or any similar words.

A fish merchant delivered fish to a railway company to carry upon a signed contract relieving the company as to all fish delivered by him from all liability for loss or damage by delay in transit or from whatever other cause arising in consideration of the rates being one fifth lower than where no such undertaking was granted the contract to endure for five years. The servants of the company accepted the fish although from pressure of business they could not carry it in time for the intended market and the fish lost the market. It was held by the House of Lords that upon the facts the merchant had a *bona fide* option to send fish at a reasonable rate with liability on the company as common carriers or at the lower rate upon the terms of the contract that the contract was in point of fact just and reasonable and that the company were not liable for the loss. (*Man Gester, Sheffield and Lincolnshire Railway v. Brown*, 1884, 53 L.J.Q.B. 124). Cattle were carried by a railway company under a special contract signed by the consignee which stated that the company had two rates for the conveyance of cattle, the ordinary rate when they took the ordinary liability of the carrier and the other a reduced rate that these cattle were to be carried at the reduced rate if the company to be relieved from all liability in case of damage or delay except upon proof that such loss, detention or injury arose from wilful misconduct on the part of the company's servants. A notice was posted up in the company's office which stated that the company had two rates, namely the owner's risk rate on the terms above given and the company's risk rate

which was 10 per cent above the owner's risk rate at which the company undertook the ordinary risk of carriers in respect of rail transit limited for neat cattle to £15 for pigs and sheep to £2 but did not admit liability for any animals dying of disease or arriving at destination in such condition as not to be able to walk from the truck. The consignee had never seen any rate but the owner's risk rate. Cattle dealers had ceased sending cattle at the higher rate. The higher rate was less than the maximum allowed by the company's Acts. No list of rates was exhibited. The cattle having been injured through the negligence (but not the wilful misconduct) of the company's servants it was held that the notice of the higher rate was not invalidated by the limitation as to value nor by the fact that it did not mention the terms upon which the cattle could be carried without limitation of value, that the clause as to not admitting liability meant only that the liability must be established by proof that so construed the condition was just and reasonable, that the consignee might have known and must be taken to have known the terms of the higher rates and had the offer of a just and reasonable alternative and that the company were therefore protected by the special contract (*Great Western Railway v. MacCarthy*, 1887, 12 A.C. 218).

Cattle were delivered carriage prepaid to a railway company for carriage on the terms of signed conditions whereby in consideration of an alternative reduced rate it was agreed that the company were not to be liable in respect of any loss or detention of or injury to the said animals or any of them in the receiving, forwarding or delivery thereof except upon proof that such loss, detention or injury arose from the wilful misconduct of the company or its servants. The cattle were carried but on application made for them by the plaintiff the railway company, in consequence of their clerk having negligently omitted to enter the cattle on the consignment note as carriage paid, refused to deliver them and alleged that the carriage was not paid. The cattle were exposed to the weather until the next day when the mistake having then been ascertained they were delivered. They were damaged by the exposure. It was held that the withholding of the cattle under a groundless claim to retain them at the end of the transit was not detention within the conditions and the company were therefore liable.

The plaintiffs sent horses by an ordinary goods train to be carried on the defendants' line from Castle Island to Dublin. There were no horse-boxes at the station but the porters of the defendants' company without objection by the plaintiffs put them into an ordinary goods wagon. The defendants had different rates for the conveyance of horses. Two rates for horse-boxes and a specially reduced rate for wagons at which the animals were to be carried at the owner's risk and the company to be exempted from liability except from loss or damage caused by the wilful misconduct of their servants and at the wagon rate in case of loss or damage—however caused no claim exceeding £10 was to be allowed for any one horse. At the full rate for horse-boxes the defendants undertook the ordinary duty of carriers. This condition amongst others was endorsed on the loading dockets signed by the plaintiff and they also signed a declaration that the value of each horse did not exceed £10 and that they were liable to the defendants for conveyance in cattle or goods wagons and were to be

(4) *Quadrilateral*.—Divide the figure into two parts. The area is half the diagonal multiplied by the height of each of the triangles formed.

(5) *Circle*.—Let  $r$  denote the radius, and  $\pi = 3.14159$ . The area is  $\pi r^2$ .

(6) *Ellipse*.—Let  $a$ ,  $b$ , denote the semi-axes. The area is  $\pi a b$ .

**Surfaces.**—(1) *Sphere*.—Taking  $r$  as before,  $4 \pi r^2$ .

(2) *Cylinder*.—Taking  $h$  as the height,  $2 (\pi r^2 + \pi r h)$ .

(3) *Cone*.— $\pi r^2 \times$  slant height.

(4) *Pyramid*.—Base  $\times$  slant surface

**Volumes.**—(1) *Sphere*.— $\frac{4 \pi r^3}{3}$

(2) *Cylinder*.— $\pi r^2 h$

(3) *Cone*.— $\pi r^2 \frac{h}{3}$

(4) *Pyramid*.—Area of base  $\times \frac{h}{3}$

**MENTHOL.**—A sort of camphor obtained from the peppermint ( $qv$ ) plant both of Britain and Japan. It is prepared by cooling the aromatic oil derived from the leaves, and, in the form of crystalline cones, is a remedy for neuralgia, toothache, etc. When rubbed on the affected part, menthol produces a sort of coldness, which causes a lull in the pain.

**MERA.**—(See FOREIGN WEIGHTS AND MEASURES—GROCER.)

**MERCANTILE.**—Derived from the Latin, *merca*, which means "merchandise." This word is very frequently used as synonymous with the term commercial.

**MERCANTILE LAW.**—(See COMMERCIAL LAW.)

**MERCANTILE SYSTEM.**—A system of trading which was much advocated by all leading nations in the seventeenth century. In the mistaken idea that wealth consisted solely of money, the accumulation of money was considered to be a matter of primary importance. Consequently, exports were encouraged, imports were disapproved of, and anything which was likely to give any advantage to a foreign nation was discountenanced. The mercantile system, or as it is sometimes called mercantilism, has long been thoroughly exploded and it is only mentioned here as a matter of curiosity.

**MERCANTILISM.**—(See MERCANTILE SYSTEM.)

**MERCER.**—A merchant who deals principally in silks and woollen cloths.

**MERCERY.**—The goods of a mercer ( $qv$ ). The word is American, like the term grocery ( $qv$ ).

**MERCHANDISE.**—Goods or wares in which a merchant deals.

**MERCHANTMAN.**—A word found with great frequency in nautical phraseology, being applied to a vessel employed in the transport of goods, and hence distinguished from a man of war, which is solely employed for warlike purposes.

**MERCHANDISE MARKS ACT.**—The first Act dealing with the marking of goods under the Statute known by this name was passed in 1887, and since that time two amending Acts have been passed, one in 1891 and the other in 1894. Speaking generally, it is an offence punishable criminally for any person to forge or falsely apply a registered

trade mark, or a false trade description, to goods. The seller of such falsely marked goods is also liable to punishment if it is proved that he has knowingly dealt with such goods. If the goods of a foreign manufacturer are imported into this country, and bear the name or mark of any manufacturer, dealer, or trader in the United Kingdom, they must also bear a clear indication of the name of the country in which they have been manufactured or produced.

**MERCHANT'S MARK.**—The sign or mark which was placed upon various goods by tradesmen in the Middle Ages when they were not permitted to use heraldic insignia. The mark very frequently had some connection with the business of the tradesman, i.e., it consisted of the implements of his trade. These marks were the origin of the modern trade-marks.

**MERCHANTS' AND OWNERS' RISKS.**—Every railway company is liable for loss of, or for injury done to, horses, cattle, or other animals, or to any articles, goods, or things, in the receiving, forwarding, or delivering thereof, occasioned by the "neglect or default of the company or its servants," notwithstanding any notice, condition, or declaration made and given by such company contrary thereto, or in anywise limiting such liability; and every such notice, condition, or declaration is null and void. But there is nothing to prevent a railway company making a special contract with the consignor respecting the receiving, forwarding, and delivering of goods, provided that: (1) it is in writing, (2) it is signed by the consignor, or the person delivering the goods for carriage, (3) its conditions are just and reasonable. This provision does not alter or affect the rights and liabilities of the railway company under the Carriers' Act ( $qv$ ) with respect to the articles mentioned in that Act. Loss, by theft of a railway company's servant, without negligence on the part of the company, is not occasioned by the neglect or default of such company or its servant within the meaning of the above provision and, therefore, a company can at common law protect themselves against liability by special contract although such contract might not be reasonable. The term "servants" includes agents whom the company employ to do what they have contracted to do.

It lies upon the company to show that the contract is reasonable, and if it is to be upheld as reasonable because a reasonable alternative offer was made the company must prove this. Where the higher rate is within the parliamentary limit, it will be assumed to be reasonable unless shown to be prohibitory or excessive. The fact that traders invariably adopt the lower rate is no evidence that the higher is unreasonable. Where the special contract offers an option to carry at the company's risk at a higher rate, which is within the parliamentary limit and is posted up in the offices, there is evidence that the option was offered. Where no such option is given, it is clear that condition exempting the company from liability for neglect or default are unreasonable and void.

Goods carried at "owner's risk," means at the risk of the owner, and only exempts the carrier from the ordinary risks of the transit, and does not cover the carrier's negligence or his negligent delay, even though less than the usual freight is charged. If a railway company charge two rates for the carriage of certain articles—one the ordinary parliamentary rate, when they take the ordinary liability

same system except that as the name implies it is not a record of business done but of business to be done if and when certain prices are reached. With his notes as to business to be done inserted in his jobbing book, the broker or his authorised clerk goes into the Stock Exchange and approaches the various jobbers (as described under the headings of **BROKER** and **JOBBER**) and carries through the business so far as is found practicable. As each bargain is done it is noted in the dealing book—the amount, the price and the name of the jobber being carefully entered. The broker or clerk as the case may be returns to his office and the details of each bargain are copied from his jobbing book into another book known as the checking book which is practically a replica of the dealing book except that it usually has the addition of a money column so that the cash total of each transaction may be worked out. Where necessary the client is advised by telegram of the business done and the contract notes are made out and are forwarded to the client together with a covering letter. A specimen contract note is given under the heading of **CONTRACT NOTE**. This document states the date on which the shares have to be paid for, this being almost invariably the next account day. Two or three days before the money is due the broker sends his client a statement showing the amount he has to pay or in the event of a sale the amount which is due to the client and within a day or two the latter will receive a deed of transfer for the shares for execution. This deed after execution is returned to the broker who lodges it at the company's office for registration receiving in exchange therefor a document known as a transfer receipt. If in order and the transfer is duly passed the new client is in due course entered upon the company's books as proprietor of the shares and a certificate in his favour is prepared and handed over to the broker on the date mentioned at the foot of the transfer receipt against surrender of that document. The broker then forwards the certificate to his client and the transaction is closed these formalities from beginning to end occupying a few weeks.

This is the simplest and most ordinary form of Stock Exchange transaction and details of speculative transactions performed by brokers will be found under the heading of **CARRYING OVER**.

**METHYLATED SPIRIT**.—A mixture of rectified spirits with about 10 per cent. of wood spirit. The latter is added to render the spirit unfit to drink and in this condition it frequently escapes the excise duty. Methylated spirit is used as a solvent in varnish making for preserving anatomical specimens and for burning in spirit lamps.

**METRE**.—The metre is the unit or basis of what is known as the metric system (*gō*) of weights and measures. It is supposed to be the ten millionth part of a quadrant of the meridian, i.e. the distance measured along the surface of the earth from the pole to the equator though later calculations have proved that this is not quite accurate. Compared with the English measure it is about 3 feet 3½ inches or more exactly 39.37079 English inches or 32.808392 English feet or 1.0936331 English yards.

The calculation of the length was first made in 1793 and was adopted by the French Government as the unit upon which all other measures and their weights were made.

**METRIC SYSTEM**.—This is the decimal system

of weights and measures which is now in use in most civilised nations the unit being taken as the metre (*gō*). The United Kingdom and the United States are the great exceptions to the civilised countries which use the metric system though in both countries legislative enactments have rendered its use optional. Little success, however, has attended the efforts of those who have desired to bring these two great nations into harmony with the rest of the world in this respect. It is generally supposed that a change would create confusion at least for a time. The experience of Germany does not seem to support this view. There can be no doubt that no alteration will be effected without great educational activity on the part of those who fully appreciate the advantages of the decimal system over the cumbersome methods now in vogue.

One of the principal advantages of the metric system is that there is one definite unit taken for each set of measures and the remainder are powers of ten of this unit. For the construction of a table as soon as the unit is known the other parts are formed by the following prefixes—

<i>Myria</i>	= 10 000 times
<i>Kilo</i>	= 1 000 times
<i>Hecto</i>	= 100 times
<i>Deca</i>	= 10 times
<i>Deci</i>	= $\frac{1}{10}$ of
<i>Centi</i>	= $\frac{1}{100}$ of
<i>Milli</i>	= $\frac{1}{1000}$ of

The reduction from one denomination to another is performed by multiplying or dividing by some power of ten. Hence there is no alteration in the figures but simply an alteration in the position of the decimal point.

#### Measure of Length

The fixed unit is the metre which is a little longer than a yard.

1 metre	= 39.37079 in. or
1 yard	= 91.43835 centimetres
10 millimetres (mm)	= 1 centimetre
10 centimetres (cm)	= 1 decimetre
10 decimetres (dm.)	= 1 metre
10 metres	= 1 decametre
10 decametres (Dm)	= 1 hectometre
10 hectometres (Hm)	= 1 kilometre
10 kilometres (km)	= 1 myriametre (Mm.)

The micron =  $\frac{1}{1000000}$  metre is used for extremely small measures.

#### Measure of Area.

The unit of land measurement is 10 000 square metres which is called a hectare. The are is therefore the square decametre.

1 are	= 119.603 sq. yds.
1 sq. mile	= 258.99945 hectares.
10 centiares	= 1 are
( $\frac{1}{100}$ are)	= 1 deciare
10 deciares	= 1 are
( $\frac{1}{10}$ are)	= 1 decare
10 decares	= 1 hectare

#### Measure of Volume

The unit is the cubic metre called a stère.

1 stère	= 1.35977 cub. yds.
1 cu. yd.	= 0.7645 stères.
10 decalitre (da)	= 1 stère
10 stères	= 1 decastère



carried entirely at the owner's risk. The floor of the wagon was smooth, and some of the horses slipped and injured themselves during the journey. It was held (1) that, having regard to the alternative rates, the contract of carriage was a reasonable one, and was not rendered unreasonable by the want of horse-boxes at the station, in the absence of any requisition for them by the plaintiffs, (2) that there was no implied condition in the contract that the wagon supplied was reasonably fit for the conveyance of horses, (3) that the plaintiffs, having signed a declaration that the horses were under the value of £10 each, were precluded from objecting that the conditions were unreasonable as exempting the company from liability beyond that amount, even in case of wilful misconduct (*Nevin v Great Southern and Northern Railway*, 1890, 30 L R Ir 125) (See CARRIAGE OF ANIMALS).

The plaintiff consigned sheep skins for carriage from Paddington to Winchester by the defendants' railway "at owner's risk," exempting the defendants from liability, except upon proof that the loss arose from the wilful misconduct of the defendants' servants. The skins were packed by the defendants' servants at Paddington on wood chips laid on the floor of the truck. In consequence, the chips got entangled in the wool and the skins were injured. In answer to a complaint by the plaintiff, the stationmaster at Winchester wrote that the defendants were not liable because the goods were carried at owner's risk, and continued: "I have, however, asked our Paddington people not to use the land of litter you object to in the future." The plaintiff subsequently consigned another lot of sheep skins from Paddington to Winchester by the defendants' railway at owner's risk, and they were similarly damaged through being packed on wood chips. It was held that, in the absence of proof that the danger of using wood chips was communicated to those in charge of the loading at Paddington, there was no wilful misconduct on their part in loading the skins as they did, and that the defendants were not liable (*Forder v Great Northern Railway Company*, 1905, 2 KB 532).

**MERCURY.**—The quicksilver of commerce. It is a silvery white liquid metal, which, though sometimes found native, is usually obtained from its sulphide, which is known as cinnabar (*qv*). When cinnabar is heated, mercury is set free in the form of vapour, which is then condensed and purified. The uses of mercury are many and varied. It forms amalgams with most metals, and is used in separating gold and silver from their ores. In combination with tin, it is employed for silversmiths' mirrors, and an amalgam with copper or cadmium forms a useful filling in dentistry. In the laboratory, mercury is almost invaluable. It is used in the construction of numerous scientific instruments, such as thermometers, barometers, and various electrical appliances. Of its compounds, chloride of mercury is the most important. It is commonly known as corrosive sublimate (*qv*), and is used in preserving anatomical specimens. It is also a powerful antiseptic. Both mercury and its compounds are of great medicinal value, being used in ointments and plasters, powders and pills. Calomel (*qv*) is a mercurial preparation valuable as a purgative. Care must, however, be taken in the administration of mercury on account of its poisonous properties. The boiling point of this metal is 675 Fahr. and its freezing point is —10° Fahr.

**MERGER.**—This is the name of a legal doctrine which signifies that one thing is swallowed up by another. Thus, if a simple contract is entered into by parties, and the same terms are contained in a specialty contract, or a contract under seal, the simple contract is merged in the specialty contract.

**MERINO.**—A breed of sheep noted for their long, fine wool. They were originally confined to Spain, but have now been introduced into Australia and South America, and the wool used for the dress fabric of the same name is now imported chiefly from these continents.

**MESNE PROFITS.**—When an action is brought for the recovery of possession of land, the defendant is holding on to the same and is probably deriving some advantage from his position. These are profits to him which rightly belong to the owner of the land, and the plaintiff is entitled to sue for these profits, known as mesne profits, as well as for possession. At one time it was necessary to bring a separate action for such mesne profits, but since 1883 the action can be joined to the action for possession.

**MESSAGERIES MARITIMES.**—This is the principal passenger steamship line to France, having its headquarters at Marseilles. It carries the mails to Italy, Greece, Egypt, India, and China. In addition to the general Mediterranean trade, it has communications with Australia, South America, and South East Africa.

**MESSUAGE.**—Though often applied in common language to a dwelling place, the real meaning of the word is not only the dwelling house itself but all adjoining buildings, out-houses, offices, and lands which are actually appropriated to the use of the house.

**METALLIC CURRENCY.**—The authorised gold, silver, nickel, and bronze currency of a country coined at the Government mints. (See COINAGE.)

**METHOD OF BUSINESS (STOCK EXCHANGE).**—An idea of the method of business performed in connection with Stock Exchange matters will be obtained if we follow a specimen transaction from beginning to end. We will assume that the reader is desirous of purchasing 100 ordinary shares of £1 each in the Company known as J. Lyons & Co., Ltd. He obtains an introduction to a stockbroker, if he is not already in business relationship with a member of that profession, and writes or telegraphs him to purchase the said number of shares. Lyons' shares happen to be among those that are quoted in every money article, and seeing that the last price was, say, 5½-6, i.e., £5 17s 6d to £6, the client may fix a maximum price beyond which he will not go, in which case he gives what is known as a "limit." In such a case he may instruct his broker to purchase 100 Lyons' shares "at not more than 6." On the other hand, he may instruct his broker to buy 100 J. Lyons & Co. Ordinary shares "at best," which means that he leaves it to the broker to obtain him these shares at as favourable a price as possible.

On receipt, the purport of this and any other orders to hand is noted by the broker or one of his clerks in what is known as a "jobbing book," which consists usually of a case containing two removable books, called respectively the "dealing book" and the "limit book." On the left-hand side of the dealing book, which is usually referred to as the "bought" side, all purchases are entered, and on the right-hand side, known as the "sold" side, all sales are entered. The limit book is kept on the

same system except that as the name implies it is not a record of business done but of business to be done if and when certain prices are reached. With his notes as to business to be done inserted in his jobbing book the broker or his authorised clerk goes into the Stock Exchange and approaches the various jobbers (as described under the headings of *BROKER* and *JOBBER*) and carries through the business so far as is found practicable. As each bargain is done it is noted in the dealing book—the amount, the price and the name of the jobber being carefully entered. The broker or clerk as the case may be returns to his office and the details of each bargain are copied from his jobbing book into another book known as the checking book which is practically a replica of the dealing book except that it usually has the addition of a money column so that the cash total of each transaction may be worked out. Where necessary the client is advised by telegram of the business done and the contract notes are made out and are forwarded to the client together with a covering letter. A specimen contract note is given under the heading of *CONTRACT NOTE*. This document states the date on which the shares have to be paid for, thus being almost invariably the next account day. Two or three days before the money is due the broker sends his client a statement showing the amount he has to pay or in the event of a sale the amount which is due to the client and within a day or two the latter will receive a deed of transfer for the shares for execution. This deed after execution is returned to the broker who lodges it at the company's office for registration receiving in exchange therefor a document known as a transfer receipt. If in order and the transfer is duly passed the new client is in due course entered upon the company's books as proprietor of the shares and a certificate in his favour is prepared and handed over to the broker on the late mentioned at the foot of the transfer receipt against surrender of that document. The broker then forwards the certificate to his client and the transaction is closed these formalities from beginning to end occupying a few weeks.

This is the simplest and most ordinary form of Stock Exchange transaction and details of speculative transactions performed by brokers will be found under the heading of *CARRYING OVER*.

**METHYLATED SPIRIT**—A mixture of rectified spirits with about 10 per cent of wood naphtha. The latter is added to render the spirit unfit to drink and in this condition it frequently escapes the excise duty. Methylated spirit is used as a solvent in varnish making for preserving anatomical specimens and for burning in spirit lamps.

**METRE**—The metre is the unit or basis of what is known as the metric system (*qv*) of weights and measures. It is supposed to be the ten millionth part of a quadrant of the meridian, i.e. the distance measured along the surface of the sea from the pole to the equator though later calculations have proved that this is not quite accurate. Compared with the English measure it is about 3 feet 3½ inches or more exactly 39 370·9 English inches or 3 280 899·2 English feet or 1 093 633·1 English yards.

The calculation of the length was first made in 1795 and was adopted by the French Government as the unit upon which all other measures and their weights were made.

**METRIC SYSTEM**—This is the decimal system

of weights and measures which is now in use in most civilised nations the unit being taken as the metre (*qv*). The United Kingdom and the United States are the great exceptions to the civilised countries which use the metric system though in both countries legislative enactments have rendered its use optional. Little success however has attended the efforts of those who have desired to bring these two great nations into harmony with the rest of the world in this respect. It is generally supposed that a change would create confusion at least for a time. The experience of Germany does not seem to support this view. There can be no doubt that no alteration will be effected without great educational activity on the part of those who fully appreciate the advantages of the decimal system over the cumbersome methods now in vogue.

One of the principal advantages of the metric system is that there is one definite unit taken for each set of measures and the remainder are powers of ten of this unit. For the construction of a table as soon as the unit is known the other parts are formed by the following prefixes—

<i>Myria</i>	= 10 000 times
<i>Kilo</i>	= 1 000 times
<i>Hecto</i>	= 100 times
<i>Deca</i>	= 10 times
<i>Deci</i>	= 1/10 of
<i>Centi</i>	= 1/100 of
<i>Milli</i>	= 1/1000 of

The reduction from one denomination to another is performed by multiplying or dividing by some power of ten. Hence there is no alteration in the figures but simply an alteration in the position of the decimal point.

#### Measure of Length.

The fixed unit is the metre which is a little longer than a yard.

1 metre	= 39 370·9 inches.
1 yard	= 91 438·35 centimetres
10 millimetres (mm)	= 1 centimetre
10 centimetres (cm)	= 1 decimetre
10 decimetres (dm)	= 1 metre
10 metres	= 1 decametre
10 decametres (Dm)	= 1 hectometre
10 hectometres (Hm)	= 1 kilometre
10 kilometres (km)	= 1 myriametre (Mm)

The micron = 1/1000000 metre is used for extremely small measures.

#### Measure of Area.

The unit of land measurement is 10 000 square metres which is called a hectare. The are is therefore the square decimetre.

1 are	= 119 603 sq yds
1 sq metre	= 258 489 45 hectares
10 centares	(1/10 are) = 1 decare
10 decares	(1/10 are) = 1 are
10 ares	= 1 decare
10 decares	= 1 hectare.

#### Measure of Volume.

The unit is the cubic metre called a stere.

1 stere	= 1 308 02 cub yds.
1 cub yd.	= 0 7615 steres.
10 decistere	= 1 stere
10 stere	= 1 decastere

## Measure of Capacity.

The unit of capacity is the cubic decimetre, which is called a litre

1 litre	= 1 7608 pints
1 gallon	= 4 5435 litres
10 millilitres (ml)	= 1 centilitre
10 centilitres (cl)	= 1 decilitre
10 decilitres (dl)	= 1 litre
10 litres	= 1 decalitre
10 decalitre (Dl)	= 1 hectolitre
10 hectolitres (Hl)	= 1 kilolitre (Kl)

## Measure of Weight.

The unit of weight is the weight of a cubic centimetre of distilled water at 4° Centigrade, or 39.2 Fahrenheit, and at a normal pressure of 760 millimetres

1 gramme	= 15 4323 grains
1 kilogramme	= 2 20462 lbs avdp
1 grain	= 0 0648 grammes
1 lb avoirdupois	= 0 4536 kilogr
10 milligrammes (mg)	= 1 centigramme
10 centigrammes (cg)	= 1 decigramme
10 decigrammes (dg)	= 1 gramme
10 grammes	= 1 decagramme
10 decagrammes (Dg)	= 1 hectogramme
10 hectogrammes (Hg)	= 1 kilogr (Kg)
100 kilogrammes	is called a quintal
1,000 kilogrammes	is called a tonneau

The first table below gives the English equivalents for all the ordinary measures and weights of the metric system, and the second table gives the metric equivalents of the English, or imperial, weights and measures

TABLE I

## METRIC TABLE

## Linear Measure.

1 millimetre	= 0 03937 ins
1 centimetre	= 0 3937 ins
1 decimetre	= 3 937 ins
1 metre	= { 39 37079 ins 3 280843 ft 1 0936143 yds
1 decametre	= 10 936 yds
1 hectometre	= 109 36 yds
1 kilometre	= 0 62137 miles

## Square Measure.

1 sq centim	= 0 15500 sq ins
1 sq decimetr	= 15 500 sq ins
1 sq metre	= 10 7639 sq ft or 1 1960 sq yds
1 are	= 119 603 sq yds
1 hectare	= 2 4711 acres

## Cubic Measure.

1 cubic centim	= 0 0610 cub in
1 cubic decim	= 61 024 cub ins
1 cubic metre	= { 35 3148 cub ft 1 307954 cub yds

## Measure of Capacity.

1 centilitre	= 0 070 gills
1 decilitre	= 0 176 pints
1 litre	= 1 75980 pints
1 decalitre	= 2 200 gallons
1 hectolitre	= 2 75 bushels

## Measures of Weight.

1 milligramme	= 0 015 grains
1 centigramme	= 1 54 grains

1 decigramme	=	Avoirdupois
1 gramme	=	1 543 grains
1 decagramme	=	15 432 grains
1 hectogramme	=	151 323 grains
1 kilogramme	=	3 527 ounces
1 quintal	=	{ 15432 3564 grains
1 tonneau	=	2 20462 lbs
		1 968 cwt
		0 9842 tons.

A gramme is also equivalent to 0 03215 oz or 15 432 grains troy, and to 0 2572 drams, or 0 7716 scruples, or 15 432 grains apothecaries' weight

TABLE II

## Linear Measure.

1 inch	= 25 400 mm
1 foot	= 0 30480 metre
1 yard	= 0 914399 "
1 fathom	= 1 8288 "
1 pole	= 5 0292 "
1 chain	= 20 1168 "
1 furlong	= 201 168 "
1 mile	= 1 6093 km

## Square Measure.

1 sq. inch	= 6 4516 sq. cm
1 sq foot	= 9 2903 sq dm
1 sq yard	= 0 836126 sq m
1 perch	= 25 293 sq m
1 rood	= 10 117 ares
1 acre	= 0 40468 hectare
1 sq mile	= 259 00 hectares

## Cubic Measure.

1 cub inch	= 16 387 cub. cm
1 cub foot	= 0 028317 cub m
1 cub yard	= 0 764553 " "

## Measures of Capacity.

1 gill	= 1 42 decilitres
1 pint	= 0 568 litre
1 quart	= 1 136 litres
1 gallon	= 4 5459631 litres
1 peck	= 9 092 litres
1 bushel	= 3 637 dl
1 quarter	= 2 909 hl

## Apothecaries' Measure.

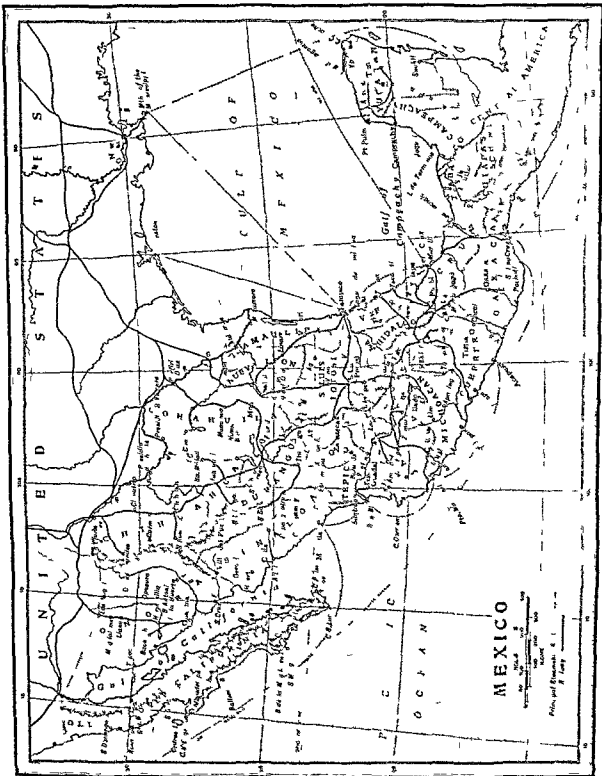
1 minim	= 0 059 millilitre
1 fl scr	= 1 184 millilitres
1 fl dr	= 3 552 "
1 fl oz	= 2 84123 cl
1 pint	= 0 568 litre
1 gallon	= 4 5459631 litres

## Avoirdupois Weight.

1 grain	= 0 0648 grm
1 dram	= 1 772 grm
1 ounce	= 28 350 "
1 pound	= 0 45359243 kil
1 stone	= 6 350 kilogramms
1 quarter	= { 12 70 "
	{ 50 80 "
1 cwt	= 0 5080 quintal
1 ton	= { 1 0160 tonneaux
	{ 1 016 kilograms

## Troy Weight.

1 grain	= 0 0648 grm
1 pennywt	= 1 5552 grm
1 troy oz	= 31 1035 "



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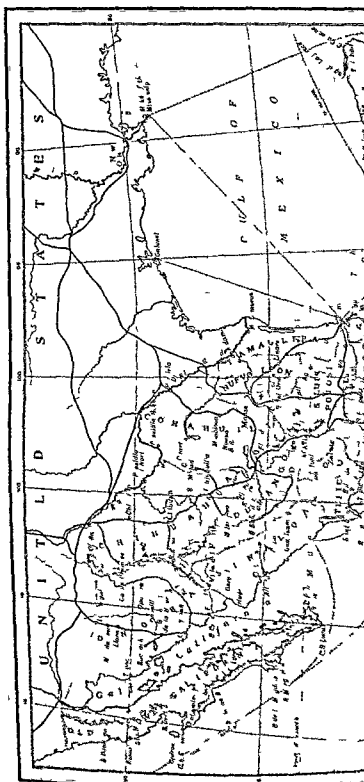
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a country where transport is difficult  
or in existence but are little worked on  
his difficulty the railways in the south  
as fuel

ations and Towns Mexico the ap  
population of 471 000 lies at an eleva  
10 feet above the sea with which it is  
at Vera Cruz by rail It has a number  
industries of which cottons and other  
is the most important Power is being  
to the city for machinery and lighting  
on considerable distances  
the (29 000) has a poor harbour and will  
decline in favour of Tampico further

o (5 000) has one of the finest landlocked  
in the world  
'101 000) is in the middle of a rich mining

Atlix (119 000) is the principal iron and  
ing town in Mexico  
San Francisco (83 000) is the railway and  
centre for the surrounding region  
iron and cotton manufactures and large  
works.

San Francisco (81 000) is the principal industrial  
the north. Having a dry climate it is a  
port  
San Francisco (63 000) is an important commercial entre  
preneurial manufactures the chief of which are  
of leather and saddlery

Veracruz (62 000) there are about twenty  
with a population of over twenty five

are over 15 000 the United States  
of which cross into the United States  
and Exports The chief export to  
the annual value of \$25 000 000 in  
value are silver, gold, copper and ore

mineral hemp and coffee  
city imports to the average annual  
1 500 000 are mining and agricultural  
steam engines and railway material  
is and chemicals

in half the trade is with the United  
States is the chief of the Trans Atlantic  
to which Mexico trades being closely  
Germany and France  
despatched to Mexico every Wednesday

The time in transit is twelve days  
group of minerals with a peculiar re  
in colour from black to white The  
an parent variety is known as muscov  
often used instead of glass for lantern  
lenses and the fronts of stoves The  
included in the general term mica all  
mica, alumina, magnesia and potash  
oxides of iron and manganese and other

They occur in the following places  
North America and the Gulf of Mexico  
The intermediary between the  
the consumer the buyer and the  
his sole business is to carry on trading  
ing the real parties come into contact  
its are derived from the increased  
he charges for goods when having  
a special purchaser

PLICE—When a job is desirous  
ing on the Stock Exchange he has  
a man who he is ready to buy and the  
the job is ready to sell The middle  
high half way between the two

**MILE.**—(See FOREIGN WEIGHTS AND MEASURES.—HOLLAND.)

**MIL.**—(See FOREIGN WEIGHTS AND MEASURES.—DENMARK.)

**MILE.**—A measurement of distance though of different length in different countries. The English statute mile consists of 1,760 yards or 5,280 feet. In France, Italy, and Holland the metrical mile contains 1,000 metres, which is about equivalent to 1,093.6 English yards, or about 621.4 of an English mile. The geographical mile, used in England and Italy, is the length of the sixtieth part of a degree of latitude and varies slightly between the poles and the equator. Its mean length is about 2,025 yards—more accurately it is 6,076.8 feet. This is called a "knot." The nautical, or Admiralty, mile is 6,080 feet. The geographical league, used in England and France, contains three nautical miles. In Germany the geographical mile is one-fiftieth part of a degree measured at the equator, or about four English geographical miles, i.e., 8,100 yards.

**MILEAGE.**—The charge for carriage calculated at so much per mile.

**MILK.**—The milk of all animals consists of water, casein, albumen, milk sugar, and fat, together with a minute quantity of ash made up of calcium, potassium, and phosphoric acid. Milk is highly nutritious, and in the case of invalids and young children it is considered a perfect food. The commercial article is the product of the cow, which has become one of the necessities of life not only as a daily beverage, but as the source of butter and cheese. Impure milk is guarded against in several ways. There are three chief methods: it is sterilised, Pasteurised, or preserved by the addition of chemicals, such as boracic acid. Sterilised milk is produced by boiling, during which process the chemical composition, as well as the taste, of the article undergoes a change. Pasteurised milk is heated to a temperature of 147° to 184° Fahr. This has the effect of destroying certain dangerous organisms without affecting the taste of the milk. Fresh milk is frequently replaced by condensed milk, which was first produced by a Frenchman in the middle of the nineteenth century. The milk is usually first sweetened with cane sugar, though there is also an unsweetened variety, which does not keep so long after being exposed to the air. The prepared milk is boiled until five-sixths of it has evaporated, and the thick syrup forming the residue is poured into tins, which are then hermetically sealed. Condensed milk is made in Holland, North America, and France; but that imported from Switzerland, especially the brand known as Nestlé's, has the highest reputation.

**MILLBOARDS.**—Strong boards made from the pulp of old sacks, hemp, jute, cotton, or linen rags, etc. For the commonest sorts, straw is used. They are generally manufactured by machinery, but the best qualities are made by hand, and are used for binding books.

**MILLET.**—The nutritious seed of the *Panicum miliaceum*, a cereal extensively grown in China and the East Indies, and also in South Europe and Africa. In most of these countries it is a valuable human food, but the small quantities exported by Italy to Great Britain are used to feed poultry and cage birds. A fermented drink is prepared from it in the south of Russia.

**MILLIARD.**—A thousand millions.

**MILLIÈME.**—(See FOREIGN MONIES.—EGYPT.)

**MILLIGRAMMA.**—(See FOREIGN WEIGHTS AND MEASURES.—ITALY.)

**MILLIVATTO.**—(See FOREIGN WEIGHTS AND MEASURES.—ITALY.)

**MILLINERY.**—A term generally used to designate hats and their trimmings, e.g., lace, ribbons, feathers, etc. The name is also applied to the art of making and trimming hats, bonnets, etc.

**MILLING.**—Originally coins were issued with plain edges, and they were then very frequently clipped or filed by dishonest persons, the portions thus taken away from the original coins being melted, and sold as bullion by weight. It was to prevent this clipping that milling was introduced in 1695, when the Government made the first use of it merely in the coinage. This milling consists in indenting the edges of the coins, so that clipping or filing becomes a practical impossibility. Until milling was introduced coins were often so much reduced in size as to be unrecognisable, and so long as they remained current the issue of new coins was useless, for in accordance with Gresham's Law (q.v.) the good and full sized coins were immediately withdrawn from circulation.

In addition to the milling, the edges of the coins are turned up in order that the raised flanges may afford a certain amount of protection to the figures on each side of the coins. (See COINAGE.)

**MILLSTONES.**—Stone rollers much used in grinding before they were displaced by the introduction of steel rollers. The best burr (or burr) stone for this purpose is a hard, porous silicate, obtained from the Seine district.

**MILREIS.**—(See FOREIGN MONIES.—BRAZIL, PORTUGAL, SOUTH AFRICA.)

**MIMOSA BARK.**—The bark of a genus of leguminous plants of the acacia family, exported chiefly from Adelaide (Australia). It is valuable for the tannin it contains. The mimosa also grows in the tropical and sub-tropical districts of Asia and Africa. A useful gum is extracted from the tree.

**MINERAL RIGHTS DUTY.**—This is a new duty imposed by the Finance Act, 1909-10, on the rental value of all rights to work minerals and of all mineral wayleaves, at the rate in each case of 1s. for every 20s. of that rental value. In calculating the amount of the rental value, it is taken to be the amount of rent paid by the lessee in the last working year. Where the minerals are being actually worked by the proprietor, the amount is that which is detained by the Commissioners.

**MINERAL WATERS.**—The waters of various springs, so-called from their mineral constituents to which they owe their value as a remedy for dyspepsia, rheumatism, gout, anaemia, skin and other diseases. The springs of the numerous health resorts are variously noted for their salt, iron, alkaline, or sulphurous ingredients, and are used either for bathing or for drinking purposes. Among English springs the best known are those of Buxton, Bath, Harrogate, and Tunbridge Wells. The chief of the numerous German springs are at Baden-Baden, Homburg, Wiesbaden, Kissingen, and Kreuznach. In France and Belgium respectively, Aix-les-Bains and Spa are most noted, and many springs of great value are found in Austria, at Marienbad, Carlsbad, etc., and in Hungary. Apollinaris represents a class of digestive mineral waters bottled for table use, but numerous so-called mineral waters of this type are artificially prepared. (See AERATED WATERS.)

**MINIMUM SUBSCRIPTION.**—By the Companies

(Consolidation) Act 1908 no company can now go to allotment unless certain conditions as to application for shares are fulfilled. These conditions are set out in Sec 85 and are as follows—

(1) No allotment shall be made of any share capital of a company offered to the public for subscription, unless the following conditions have been complied with, namely—

(a) the amount (if any) fixed by the memorandum or articles and named in the prospectus as the minimum subscription upon which the directors may proceed to allotment; or

(b) if no amount is so fixed and named then the whole amount of the share capital so offered for subscription has been subscribed and the sum payable on application for the amount so fixed and named or for the whole amount so offered for subscription has been paid to and received by the company.

(2) The amount so fixed and named and the whole amount aforesaid shall be reckoned exclusively of any amount payable otherwise than in cash, and is in this Act referred to as the minimum subscription.

(3) The amount payable on application on each share shall not be less than 5 per cent of the nominal amount of the share.

(4) If the conditions aforesaid have not been complied with on the expiration of forty days after the said issue of the prospectus all money received from applicants for shares shall be forthwith repaid to them without interest; and if any such money is not so repaid within forty-eight days after the issue of the prospectus the directors of the company shall be jointly and severally liable to repay that money with interest at the rate of 5 per cent per annum from the expiration of the forty-eight days.

Provided that a director shall not be liable if he proves that the loss of the money was not due to any misconduct or negligence on his part.

(5) Any condition requiring or binding any applicant for shares to waive compliance with any requirement of this section shall be void.

(6) This section except sub-section (3) thereof shall not apply to any allotment of shares subsequent to the first allotment of shares offered to the public for subscription.

(7) In the case of the first allotment of share capital payable in cash of a company which does not issue any invitation to the public to subscribe for its shares, no allotment shall be made unless the minimum subscription (that is to say)—

(a) the amount (if any) fixed by the memorandum or articles and named in the statement in lieu of prospectus as the minimum subscription upon which the directors may proceed to allotment; or

(b) if no amount is so fixed and named then the whole amount of the share capital other than that issued or agreed to be issued as fully or partly paid up otherwise than in cash has been subscribed and an amount not less than 5 per cent of the nominal amount of each share payable in cash has been paid to and received by the company.

This last sub-section does not apply to the case of a private company (*q.v.*) (See ALLOTMENT.)

**MINIMUM WAGE.**—One of the latest demands of the Labour party is that no man shall be employed at a wage lower than the minimum fixed for his particular trade by his union. This is known as

the principle of the minimum wage. It was given effect to by the British Parliament so far as the miners are concerned in the early part of 1912 in consequence of the disastrous coal strike which broke out on the 1st of March 1912.

**MINIUM.**—Red oxide of lead imported chiefly from Germany. It is used as a cement as a pigment and in the manufacture of flint glass (See LEAD.)

**MINNA.**—A carnivore of the weasel family of which there are several species found in Russia, Siberia and North America respectively. The dark brown fur is much prized for stoics, muffs, capes, etc. Large supplies come from North America.

**MINORS.**—Persons of either sex who are under the age of twenty-one years. (See INFANTS.)

**MINT.**—A genus of aromatic plants of which many species grow wild in Britain and in other temperate regions. The cultivated varieties are most important. These include spearmint, the odorous plant so much used for culinary purposes and peppermint or *Mentha piperita*. The latter plant is largely grown in Surrey, Cambridge and Lincoln. It has a pungent odour and a characteristic taste. The aromatic oil obtained from its leaves is used as a remedy in gastric troubles as a flavouring agent in confectionery and in the preparation of a liqueur (*q.v.*) Pennyroyal (*q.v.*) is another species of mint.

**MINT.**—The name of the place where the national money is coined. Formerly there were several mints in this country at Bristol, Chester, Exeter, Norwich and York, but for many centuries past there has only been one Royal Mint, the operations of which are carried on at Tower Hill, London. Besides the Royal Mint there are several colonial mints. The Canadian mint is at Ottawa. Owing to its peculiar system (see FOREIGN MONETARY) it has not troubled to coin anything but certain silver and bronze coins in the past. In May 1912 however the coinage of ten and five dollar gold pieces began and there will henceforth be a special Canadian gold coinage instead of a common coinage of the United States gold coinage.

The Calcutta mint is of great importance and there are also large mints at Madras and Bombay. Mints have also been established in Victoria, New South Wales and West Australia at Melbourne, Sydney and Perth respectively, and the sovereigns coined in these mints are current in Great Britain.

All transactions between the Royal Mint and the public are conducted through the Bank of England. Any person may take bar gold up to the value of £10,000 to the Bank and have it returned to him in sovereigns and half sovereigns. The bar gold is received at the rate of £3 17s 9d per ounce and 1½d per ounce below its market price the difference being charged for the cost of coining.

The word is derived either from the Anglo-Saxon *mynt* money or coin or from the Latin *moneta* a surname of Juno whose temple was used by the Romans as a mint.

**MINT PAR OF EXCHANGE.**—The Mint Par between any two countries which use the same metal for their standard of coinage is found by comparing a standard coin of each making the calculation upon the weight and fineness of the precious metal only. In other words the Mint Par between countries A and B is the number of B coins which contain the same quantity of pure gold (or whatever is the standard metal of both



countries) as one A coin contains. The Mint Par of exchange between two countries never varies unless one of them alters its coinage regulations, increasing or decreasing the quantity of the precious metal in its standard coin.

As an example, the Mint Par between England and France is 25 22 francs for £1, that is to say, there is the same quantity of pure gold in 25 22 francs as there is in £1, which is arrived at from knowing that by English law 480 oz troy of gold eleven-twelfths fine are coined into 1,869 sovereigns, and by French law 1,000 grammes of gold nine-tenths fine are coined into 155 Napoleons of 20 francs each. (Nominally France is a dual standard country, both gold and silver being legal tender for any amount, but in practice the basis is a gold one.)

The following are the Mint Pars between England and the places named—

Paris	25 22 francs for £1.
Berlin	20 43 marks for £1
New York	4 86 $\frac{2}{3}$ dollars for £1
	(also quoted 49 $\frac{1}{2}$ pence for one dollar)
Vienna	24 02 kronen for £1
Amsterdam	12 10 florin for £1

**MINT PRICE.**—The Mint price of a given quantity of bullion is the quantity of coins into which that weight of bullion is divided. The quantity of coins in circulation which is equal to that weight of bullion is its market price, and as coins which are in circulation lose much weight, more of them will be required than if they were new, and the market price will therefore be above the Mint price. The Mint price of gold bullion is its value in gold coins, and the Mint price of silver bullion is its value in silver coins.

**MINUTES.**—The minute books of a public company should constitute a clear and continuous record of the company's existence from its incorporation onwards. The particulars contained therein should not be merely a list of resolutions, but should include a concise narrative of the proceedings at the meetings, the names of any persons who may have actively opposed the resolutions adopted being particularly mentioned, and a brief résumé given of any important discussions which may have taken place. This is especially applicable in the case of Board meetings, as directors who may wish to dissociate themselves from their colleagues with regard to some particular course of action followed will have an official record of their attitude on the matter for use should the necessity arise.

There is no desire to convey by the foregoing that the minute book should be filled with long accounts of trivial or fruitless discussions, the record of which would obviously be of little value. Minutes should be as tersely worded as possible, but better to use a few words too many than allow ambiguity to creep in.

The particulars of the proceedings at general meetings of shareholders in large and important companies will usually be taken down verbatim, for which purpose an expert professional reporter will probably be requisitioned. In such cases the material for the preparation of the minutes will be readily obtained, but for the meetings of shareholders in smaller companies and for board meetings the secretary will have to rely on his own notes and any with which the chairman is able and willing to furnish him. The chairman's notes should

be written on his copy of the agenda paper, which should have been prepared with a liberal margin on the right-hand side for that purpose.

There is a statutory obligation on companies to keep minutes, although it is not specified in what form they are to be kept, nor what particulars are to be entered. Section 71 (s. 1) of the 1908 Act is as follows—

"Every company shall cause minutes of all proceedings of general meetings and (where there are directors or managers) of its directors or managers to be entered in books kept for that purpose."

The Articles of most companies will be found to contain some reference to the manner in which minutes are to be kept. For example, Clause 75 of Table A provides that—

"The directors shall cause minutes to be made in books provided for the purpose—

"(a) of all appointments of officers made by the directors;

"(b) of the names of the directors present at each meeting of the directors and of any committee of the directors,

"(c) of all resolutions and proceedings at all meetings of the company, and of the directors, and of committees of directors,

and every director present at any meeting of directors or committee of directors shall sign his name in a book to be kept for that purpose."

The pages of the minute book should be numbered and the name of the company, either printed or stamped with a rubber stamp, appear at the head of each page. Spoilt pages should have the word "cancelled" written across them, and should never be removed from the book or pasted together, as either practice may give rise at some future time to a suspicion that something material has been suppressed.

On no account should any alteration be made to the minutes after they have been signed as correct by the chairman. If it is found necessary to make an alteration after the minutes have been written up, the chairman should be asked to initial the alterations at the time he affixed his signature.

Where the meetings are frequent and the matters dealt with numerous and varied, some system of indexing will probably be found essential either in the minute book or by means of a small card index.

The minutes of a meeting are usually read at the next succeeding meeting, when, with the sanction of those present, the chairman signs such minutes as correct.

This is sometimes called "confirming" the minutes, but the use of this word seems to have given rise to a good deal of misconception. Minutes are not submitted to a meeting with the idea of affording to anyone, who may happen to disagree with a resolution passed at the previous meeting, an opportunity of re-opening the matter. The object is not to "confirm" the decisions arrived at but to say whether or not the minutes constitute a faithful record of the proceedings. Failure to appreciate this point frequently leads to fruitless discussion and waste of time. For this reason and also on account of the length of time which usually elapses between the meetings, it is better that the minutes of ordinary general meetings of shareholders should be read and signed at the next board meeting at which the chairman of the shareholders' meeting is present.

The 1908 Act (Clause 71 s 2) provides that any minute purporting to be signed by the chairman of the meeting at which the proceedings were had or by the chairman of the next succeeding meeting shall be evidence of the proceedings. The chairman's signature therefore is all that is required according to the statute to make the minutes good and failing special provision in the articles of the company to the contrary there is no obligation to have the minutes read or submitted for approval to any meeting.

A director who is present at a board meeting at which the minutes of a previous meeting are read and approved as correct is not in consequence rendered responsible for the proceedings which took place at the meeting to which the minutes relate.

Sub section 3 of Clause 71 is as follows—

Until the contrary is proved every general meeting of the company or meeting of directors or managers in respect of the proceedings whereof minutes have been so made shall be deemed to have been duly held and convened and all proceedings held thereat to have been duly had and all appointments of directors managers or liquidators shall be deemed to be valid.

The provisions of Clause 71 are often a great boon to companies and directors since in any dispute regarding the matters recorded in the minutes or as to whether the meeting was duly constituted *et* the prescribed quorum present the onus of proof lies with those seeking to impugn the correctness of the minutes. The evidence afforded by minutes will not be regarded by the courts as conclusive and may be rebutted if sufficiently strong conflicting evidence is forthcoming. The courts decided in one case that the chairman's signature to minutes in which the terms of a contract were set out was sufficient to satisfy the Statute of Frauds whereby certain contracts are not enforceable unless in writing signed by the party to be charged or his agent.

The minutes should state the place and date of the meeting the name of the chairman and in the case of board meetings the names of the directors present.

The attendance of the company's solicitor at a board meeting or any person holding an important position in the company's service *eg* consulting engineer should be recorded.

The business should be entered in the order in which it was taken at the meeting. All resolutions carried should be set out in full each forming a separate paragraph preceded by the word resolved written boldly. This method makes the actual resolutions stand out from any introductory or other matter and facilitates extracting in the event of a copy of any particular resolution being required.

The names of proposer and seconder (if any) of all motions should always be stated.

When recording in the minutes the facts of a resolution care should be taken to give the precise wording of the chairman's declaration and if he mentions the number voting on each side the figures should be entered but not otherwise. Where a poll has been taken on a resolution and scrutineers appointed their report should be incorporated in the minutes.

The minutes should contain particulars of all appointments made by the Board of all contracts giving as full details as can be done conveniently and of any agreement with the Board may be authorised to be executed with the names of the

parties and it to be executed under hand only the name or names of the directors deputed to sign on behalf of the company. It is advisable to give a short description of the agreement for the purposes of identification.

The Board's authority to use the common seal of the company should always be recorded in the minutes with a note of the document to be sealed.

Transfers of shares are usually submitted to the Board for approval the minutes should give particulars *ie* the numbers of the transfers and the shares represented.

The proceedings at Board meetings frequently take a much more informal tone than is advisable and it may happen that the decision of a matter of considerable importance is approved by general assent without being embodied in any formal resolution. Much if not all of the business mentioned above ought to form the subject of carefully worded resolutions at whatever Board meeting it may arise but the secretary must take care not to omit from the minutes any decisions of the Board simply because such have not been expressed in formal resolutions.

It should be remembered when calling up unpaid capital that to make a call valid it is necessary that a proper entry be made in the minutes setting out the resolution of the directors whereby the call is made.

**MIRBANE**—Oil or essence of mirbane is the commercial name for nitro-benzene or nitro-benzol. It is a poisonous yellowish liquid with an odour like bitter almonds and is prepared by treating benzol (*q.v.*) with nitric and sulphuric acids. It is used in soap perfumery and as a source of aniline.

**MIRIAGRAMMA**—(See FOREIGN WEIGHTS AND MEASURES—ITALY)

**MIRIOMETRO**—(See FOREIGN WEIGHTS AND MEASURES—ITALY)

**MISAPPROPRIATION**—This is the term generally used to signify the conversion of property lawfully in one's possession but entrusted for some particular purpose to one's own use or benefit or to the use or benefit of some person other than the true owner. This term is not really known to the law but it is a convenient expression found in common language to cover a number of fraudulent transactions especially such a crime as embezzlement (*q.v.*).

**MISDEMEANOUR**—A misdemeanour is a crime but it cannot be further defined than that it is one of the offences which do not fall into the category of felonies. It is in fact a negative expression. Misdemeanours are in general the less serious offences known to the law. But this is not always the case. For example perjury is a misdemeanour although simple larceny (*q.v.*) is a felony. Every offence which is now created by statute and which is not specially stated to be a felony is a misdemeanour. A misdemeanour may be tried upon indictment (*q.v.*) inquisition (*q.v.*) or information (*q.v.*). As to the principal differences between felonies and misdemeanours so far as some of the incidents of a trial are concerned see FELONY.

There may be accessories after the fact in felonies but not to misdemeanours (See ACCESSORIES).

**MISFEASANCE**—This is a legal expression found in connection with the law of torts (*q.v.*) and it signifies the doing of a wrongful act or the doing of a lawful act in a wrongful manner. The act

doing of the wrongful act is often termed malfeasance. The terms malfeasance and misfeasance must be carefully distinguished from nonfeasance, which means the mere omission to do a certain act. In many cases a private individual is liable in law for any injury or damage which may arise either through an act of commission or an act of omission, *i.e.*, he is liable for both misfeasance and nonfeasance. A corporate body, generally speaking, is only liable in a civil suit for misfeasance.

**MISKAL.**—(See FOREIGN WEIGHTS AND MEASURES—PERSIA.)

**MISPRISION.**—This is a legal term which is generally used to denote concealment, and it is most commonly met with in connection with the concealment of acts of treason or felony, called misprision of treason or misprision of felony. Each of these constitutes an offence, as it is considered dangerous to the community that any person should fail to reveal any treason or felony of which he is cognisant. (See COMPOUNDING.)

**MISREPRESENTATION.**—Whenever a contract is about to be entered into between two parties, it is practically certain that certain statements will have been made on one side or the other, which will have had the effect of bringing about the conclusion of the contract. In some cases, *e.g.*, insurance, every possible kind of disclosure will have been demanded, such contracts being of the class known as *uberimæ fidei* (*qv*). But in other cases it is not so. Contracts are entered into upon the faith of certain statements, and the question that arises is, was there anything said or done of such a character as to make it unfair that the parties should be bound by their contract into which they have entered. In order that misrepresentation may be made the ground for the rescission of a contract, it must be shown that the misrepresentation is one of fact, and not of law, that it was made by one of the parties to the contract, and that the contract itself was induced by the other party relying and acting upon the misrepresentation.

A text-book writer has stated the matter succinctly as follows: "When a man intends to enter into a bargain he must use foresight and ordinary prudence, and he cannot expect much sympathy if his bargain turns out to be less favourable than he imagined it would be, especially if when he has had every opportunity of examining the whole matter for himself, he has nevertheless trusted blindly to the statements of others. Thus, upon the sale of a business, the vendor may make an honest statement of opinion, although quite incorrect, as to the nature and prospects of the business, or he may praise it unduly. This conduct creates no liability, the maxim of law being *simplex commendatio non obligat* (*i.e.*, a mere case of puffing does not bind a man). It is the duty of the purchaser to make further inquiries himself. If he fails to make the representations of the vendor a term of the contract, or if he neglects to examine the books, to inspect the stock in-trade, or to attend to any of the matters which would naturally occur to the mind of an ordinarily prudent man, there is no ground for relief."

When a case of misrepresentation arises, and it is one of a character in which the law will grant relief, the remedy is rescission of the contract. The object is to place the parties to the contract, as far as possible, in the position which they occupied before the contract was entered into.

Upon generally acknowledged principles, the application for relief upon the ground of misrepresentation must be made speedily, or it will not be attended to.

The subject is dealt with fully in the article headed **CONTRACT**. See also the article under the heading of **FRAUD**.

**MISSING SHIP.**—Foundering at sea, when proximately caused by the fury of storms and tempests, is an obvious case of loss by the perils of the sea. The only difficulty is the proof of the loss in cases where the ship founders with all on board, or after the crew have left and lost sight of her. It is expressly provided by Section 58 of the Marine Insurance Act, 1906, that—

"Where the ship concerned in the adventure is missing, and after the lapse of a reasonable time no news of her has been received, an actual total loss may be presumed."

The period of time after which this presumption shall take effect is positively fixed for voyages of different length and duration by the laws of many continental nations. By the French Code of Commerce, it is a period of six months for ordinary and one year for distant voyages, and with regard to time policies, it is declared that the loss in such cases shall be presumed to have taken place within the limits of the risk. The result of this last provision is, that in the case of a missing ship the loss, under the French law, is presumed to have happened immediately after the last news. Thus, if a ship is insured for three months, and, not being heard of, a further insurance is then made for a year, and the vessel is never heard of, in that case the first insurer pays the loss. In English law no fixed periods are established after which a ship not heard of is to be deemed to have perished at sea, but each case is left to depend on its own circumstances and the judgment of practical men. In order, however, to lay a foundation for any presumption of this kind, it must be proved that the ship, when she left the port of departure, was really bound for and sailed on the voyage insured. It is not, however, requisite, in order to support this presumption when once founded, to call witnesses from the foreign outports to prove the fact that the ship has never been heard of there. If it is proved that the ship sailed for a given port, the fact of her never having arrived there (supposing a reasonable time for such arrival to have elapsed before an action is brought), coupled with the prevalence of a report at her port of departure that she had foundered at sea, will be sufficient *prima facie* evidence of a loss by the perils of the seas, and even although the crew may have been saved, it is not necessary, in the first instance, to call any of them to corroborate, by direct evidence, the presumption thus raised, nor to show that the plaintiff could not procure their attendance, especially in the case of a foreign ship.

**MISTAKE.**—In order that a contract may be entered into, there must be a *consensus ad idem*, *i.e.*, two minds must agree in the same sense upon the same subject matter. Unless there is such an agreement there can be no contract in the true sense of the word. And if two parties profess to agree upon grounds which are utterly wrong, then there arises a cause for setting aside the agreement on the ground that there has been a mistake. Take an example. Two persons agree as to the sale of an insurance policy, both believing that the assured is alive, whereas, in fact, he is dead. This is a

mistake of fact and such a contract can be set aside on the ground of mistake.

The mistake which will invalidate a contract is not to be confounded with the popular meaning of mistake and it is to be carefully borne in mind that mistake only extends to questions of fact and not of law. If it were otherwise the majority of people would strive to get out of their liabilities on the ground that things had turned out contrary to their expectations and that they had been mistaken. This has been made very clear by a series of well known cases. Fact and not law must be the primary consideration. No agreement which, in other respects, contains all the ingredients of a valid contract, is invalid because of a mistaken construction of the law. A person who has full knowledge of all the material facts of the case cannot plead ignorance of the legal effects of an agreement. The maxim of law is *Ignorantia juris neminem excusat* i.e. ignorance of the law excuses no man.

The question of mistake is one which gives rise to most intricate problems and requires the most careful consideration. In a general way however the whole matter is treated fully in the article under the heading of CONTRACT.

**MISTAKE IN PAYMENT**—It has already been explained in the article on CONTRACT (*qv*) that a person is not relieved from the obligation of his contract if he enters into it owing to a mistake as to the law on a particular point since everyone is assumed to know the law but that if the mistake was one of fact he may obtain a discharge from liability. The same rule applies to mistakes in the payment of money and may be more precisely expressed as being that money paid with a knowledge of all the facts but under a mistake as to the law cannot in general be recovered back there being nothing against consequence in the other person retaining it, money paid under a mistake of facts and which the party receiving it has no claim in conscience to retain is recoverable as money paid without consideration. Payments made in ignorance or in *bona fide* forgetfulness of a fact formerly known to the payer may be regarded as paid under mistake of fact and recovered as where a husband pays a bill in ignorance of the fact that it has already been paid by his wife or where a man in the hurry of business forgets that he had already made a payment on account and sends a cheque for the full amount of a contract debt. In such a case he may recover the sum paid in excess of the real debt as money paid under mistake. But not every mistake of fact will enable a person to recover money paid e.g. if a banker cashes a customer's cheque and afterwards discovers that he had no assets in hand of the customer's he cannot recover the money from the person to whom he paid it and when an article is purchased which turns out to be of a less value than the price given for it the extra price paid cannot be recovered back if there was no fraud on the part of the seller.

Money paid under compulsion of legal process cannot be recovered back if the proceedings were *bona fide* even though they subsequently turn out to have been misconceived nor can money paid in compromise of a claim honestly made even though the claim is afterwards found to have been ill founded. Money voluntarily paid on a claim which might have been resisted cannot be recovered unless the payment has been made to recover goods wrongfully detained in which case

the payment is not considered to have been voluntary. An exception occurs in the case of money paid to recover goods which have been improperly distrained for rent since other remedies are available to the aggrieved person.

The liability to refund money paid in mistake will often depend upon whether the payee received the money as a principal or as an agent. If as the former he may be liable to repay but if as the latter and he has accounted to his principal for the money before the demand for repayment, made his personal liability will cease. Where however the payee really received the money as a principal it will be no answer for him to say that he has paid it over to another person for whom he was acting in the transaction.

**MIXED POLICY**—This is the name given to a species of policy under which a ship is insured in respect of time and place i.e. it is a policy which covers voyages between two specified places for a definite period of time.

**MOBILITÉ CREDIT**—(See CREDIT MOBILIER.)

**MOCK AUCTION**—This is the name given to an auction sale in which the vendor or auctioneer employs and places confederates around the auction room to tout and to bid for the goods which are offered for sale so that the prices are run up against the genuine buyers.

**MOHAIR**—The long silky hair of the Angora goat (*qv*).

**MOJIRA FLOWERS**—Flowers containing sugar and used as a food in India. A spirit is obtained by distillation and the dried flowers are imported into Europe for this purpose. The plant from which they are obtained is the *Bassia latifolia*.

**MOIRE**—The French name for thick silks with a pattern of waved lines obtained by a process known as watering. The silk is damped folded carefully and subjected to enormous pressure by means of which the air is expelled and the moisture drawn into the waved lines which characterize this make of figured silk. *Moirette* and *moreen* are trade names for fabrics of cotton or wool treated in the same way.

**MOLASSES**—The drainings of crude sugar obtained during the process of boiling the raw product either of the cane or the beet. It is a dark thick viscous syrup used (when obtained from the sugar cane) for making rum. It is often known as treacle though technically a distinction exists between the two articles.

**MONNIE**—(See FOREIGN WEIGHTS AND MEASURES—JAPAN.)

**MONETARY PANICS**—There is said to be a monetary panic when a great many merchants and traders experience or fear that they will experience a difficulty in meeting the obligations they have incurred. It is the extreme case of monetary stringency or contraction of credit. Only in a system of trading based mainly on credit would a monetary panic be possible. It arises from the fact that since purchasing power is to a great extent a creation of the mind its annihilation too is possible by the mind. In certain stages of the public mind credit as purchasing power is an apparently unlimited fund on which to draw. Prices rise and holders realise or appear to have the power of realising great gains. At such times a sudden expansion of credit takes place. The disposition to trust goes beyond what sober reason would justify men not only utilize their credit more than on ordinary occasions but they actually

doing of the wrongful act is often termed malfeasance. The terms malfeasance and misfeasance must be carefully distinguished from nonfeasance, which means the mere omission to do a certain act. In many cases a private individual is liable in law for any injury or damage which may arise either through an act of commission or an act of omission, *i.e.*, he is liable for both misfeasance and nonfeasance. A corporate body, generally speaking, is only liable in a civil suit for misfeasance.

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mistake of fact and such a contract can be set aside on the ground of mistake.

The mistake which will invalidate a contract is not to be confounded with the popular meaning of mistake and it is to be carefully borne in mind that mistake only extends to questions of fact and not of law. If it were otherwise the majority of people would strive to get out of their liabilities on the ground that things had turned out contrary to their expectations and that they had been mistaken. This has been made very clear by a series of well known cases. Fact and not law must be the primary consideration. No agreement which, in other respects, contains all the ingredients of a valid contract is invalid because of a mistaken construction of the law. A person who has full knowledge of all the material facts of the case cannot plead ignorance of the legal effects of an agreement. The maxim of law is *Ignorantia juris neminem excusat* i.e. ignorance of the law excuses no man.

The question of mistake is one which gives rise to most intricate problems and requires the most careful consideration. In a general way however the whole matter is treated fully in the article under the heading of **CONTRACT**.

**MISTAKE IN A CONTRACT**—It has already been explained in the article on **CONTRACT** (q.v.) that a person is not relieved from the obligation of his contract if he enters into it owing to a mistake as to the law on a particular point, since everyone is assumed to know the law, but that if the mistake was one of fact he may obtain a discharge from liability. The same rule applies to mistakes in the payment of money and may be more precisely expressed as being that money paid with a knowledge of all the facts but under a mistake as to the law cannot in general be recovered back there being nothing against conscience in the other person retaining it. Money paid under a mistake of facts and which the party receiving it has no claim in conscience to retain is recoverable as money paid without consideration. Payments made in ignorance or in *bona fide* forgetfulness of a fact formerly known to the payer may be regarded as paid under mistake of fact and recovered as where a husband pays a bill in ignorance of the fact that it has already been paid by his wife or where a man in the hurry of business forgets that he had already made a payment on account and sends a cheque for the full amount of a contract debt. In such a case he may recover the sum paid in excess of the real debt as money paid under mistake. But not every mistake of fact will enable a person to recover money paid, e.g. if a banker cashes a customer's cheque and afterwards discovers that he had no assets in hand of the customer's he cannot recover the money from the person to whom he paid it, and when an article is purchased which turns out to be of a less value than the price given for it the extra price paid cannot be recovered back if there was no fraud on the part of the seller.

Money paid under compulsion of legal process cannot be recovered back if the proceedings were *bona fide* even though they subsequently turn out to have been misconceived nor can money paid in compromise of a claim honestly made even though the claim is afterwards found to have been ill founded. Money voluntarily paid on a claim which might have been resisted cannot be recovered unless the payment has been made to recover goods wrongfully detained in which case

the payment is not considered to have been voluntary. An exception occurs in the case of money paid to recover goods which have been improperly distrained for rent since other remedies are available to the aggrieved person.

The liability to refund money paid in mistake will often depend upon whether the payee received the money as a principal or as an agent. If as the former he may be liable to repay, but if as the latter and he has accounted to his principal for the money before the demand for repayment is made his personal liability will cease. Where however the payee really received the money as a principal it will be no answer for him to say that he has paid it over to another person for whom he was a ting in the transaction.

**MIXED POLICY**—This is the name given to a species of policy under which a ship is insured in respect of time and place, i.e. it is a policy which covers voyages between two specified places for a definite period of time.

**MOBILIER CREDIT**—(See **CREDIT MOBILIER**.)

**MOCK AUCTION**—This is the name given to an auction sale in which the vendor or auctioneer employs and places confederates around the auction room to tout and to bid for the goods which are offered for sale so that the prices are run up against the genuine buyers.

**MOHAIR**—The long silky hair of the Angora goat (q.v.).

**MOHUR FLOWERS**—Flowers containing sugar and used as a food in India. A spirit is obtained by distillation and the dried flowers are imported into Europe for this purpose. The plant from which they are obtained is the *Bassia latifolia*.

**MOIRÉ**—The French name for thick silks with a pattern of waved lines obtained by a process known as watering. The silk is damped folded carefully and subjected to enormous pressure by means of which the air is expelled and the moisture drawn into the waved lines which characterise them. make of figured silk. *Moirette* and *moreen* are trade names for fabrics of cotton or wool treated in the same way.

**MOLASSES**—The drainings of crude sugar obtained during the process of boiling the raw product either of the cane or the beet. It is a dark thick viscous syrup used (when obtained from the sugar cane) for making rum. It is often known as treacle though technically a distinction exists between the two articles.

**MONIE**—(See **FOREIGN WEIGHTS AND MEASURES**—JAPAN.)

**MONETARY PANICS**—There is said to be a monetary panic when a great many merchants and traders experience or fear that they will experience a difficulty in meeting the obligations they have incurred. It is the extreme case of monetary stringency or contraction of credit. Only in a system of trading based mainly on credit would a monetary panic be possible. It arises from the fact that since purchasing power is to so great an extent a creation of the mind its annihilation too is possible by the mind. In certain stages of the public mind credit as purchasing power is an apparently unlimited fund on which to draw. Prices rise and holders realise or appear to have the power of realising great gains. At such times a sudden expansion of credit takes place. The disposition to trust goes beyond what sober reason would justify, men not only utilise their credit more than on ordinary occasions but they actually

have more credit, and, by a strange method of reasoning, the fact that they are trusted by one creditor is made a reason why they should be trusted by another. The extension of operations has probably had a rational basis. There has been a sudden release of commerce from restrictions, as when the close of the Great War made the seas safe for trading vessels, a new market for goods has been opened, or one line of manufacture—textile, or iron, or other—may be unusually prosperous. But from the favoured line the sanguine spirit reaches other branches of trade, in which there exists no reason for any extraordinary activity, speculative investments, purchases, and advances are made to an inordinate extent. There is occasioned an excessive demand for credit, and, since so many men prefer excitement to safety, the credit is for a while forthcoming. Cheques and the other credit instruments are taken without hesitation. The increase in purchasing power called forth by the irrational extension of credit reacts on prices. These rise, and as the rise shows no sign of slackening, the hope of realising profits by credit purchases brings into the market other sets of buyers. Their bidding raises prices still further. But obviously the process cannot continue indefinitely. The rise in prices encourages a great importation, and in any case, more than ordinary engagements abroad for material and food must be met. Manufactures do not command abroad the prices they do at home, and credit instruments are available in a much less degree. There ensues, then, a drain on the banks for gold—the sole international currency. Gold does not now fulfil its ordinary function of a makeweight in the great operations of commerce, a means of paying a slight balance due. It becomes itself an article of commerce. The drain speedily reaches the single reserve, which is that at the Bank of England. The necessity of protecting this reserve and of signalling for gold from abroad leads to a sudden rise in the Bank rate, and this rise sounds a warning to those from whom credit is sought, and it is less readily given. Or it may be that, before the turning of the Exchanges and the rise in the Bank rate make clear that credit is growing too great for its basis of gold, some other event has shaken public confidence, and has led to a revulsion. Some firms have, it may be, improvidently made their capital unavailable for a time. The desire of such firms to realise by sales the money to meet their bills, causes prices to fall. The last holders, in the recoil of prices, seem to be losing, and are unwilling to sell in the falling market. They make fresh demands on the bankers for the means of holding on, but at such a time, when all have engagements to meet, and none is sure of having his funds available, few like to part with money or to postpone claims to it. In extreme cases, the reaction leads to a panic as little rational as the former over-confidence. Contraction of demand takes place in many industries simultaneously. Lessened credit facilities prevent goods from getting rapidly into the hands of consumers in exchange for other goods, and we have "over production" in several lines through the inadequacy of instruments of circulation. Manufacturers fail to market their stocks, short time is worked, less wages can be spent for goods, and so the mischief circulates. Firms of the greatest solidity fail to command the renewal of credit on which they have become accustomed to rely. Borrowings take place at almost any interest, and

sales are made at almost any sacrifice. Some firms of repute stop payment, not because they are ultimately insolvent, but because of the destruction of credit. Less reputable firms can obtain advances on no conditions except the most onerous, and numbers do not weather the panic.

During a great portion of the nineteenth century these periods of inflated credit, followed by a collapse, which amounted to a crisis or panic, recurred at almost regular intervals. So soon as the previous disaster had ceased to be vivid, the speculative spirit began again to operate, and each decade was marked by a crisis. They have been named credit cycles, and connected in a curious and ingenious manner with sun-spots. The sun-spots meant abundant heat; the heat meant bountiful harvests, the bountiful harvests encouraged speculation till the reaction came, and the chain of reasoning was complete. But the fact that even shrewd manufacturers and dealers are keenly sensitive to the "feeling of the market," and do, as a rule, just what their fellows do, is a sufficient reason for the psychological occurrence which we call a monetary panic.

It is to be noted, in conclusion, that a panic, in these days of intimate relations between countries, is less than ever an isolated phenomenon. That which in the autumn of 1907 originated in the United States disturbed the whole financial world. In London, the Bank rate was put up at the first signs of an unusual demand by New York for gold. The rise caused gold to flow to London from other centres, and she was thus enabled, without greatly depleting her own reserve, to meet New York demands, though these amounted to £25,000,000.

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It is difficult to conceive anything which can be of greater importance in the civilised world than money, so far as carrying on its business is concerned. It comes closely into contact with mankind in almost every department of life. Thus is clearly exemplified by the fact that a pecuniary value has been generally attached to every conceivable kind of commodity and to every conceivable kind of work and labour in which people indulge.

In primitive times there was no such thing as money, and when an exchange of goods had to be made, there was nothing for it but a system of barter, i.e., one or more articles was or were given in exchange for another or others. This naturally led to great inconvenience, and at a very early stage a circulating medium of some kind or other must have been invented. Probably one of the

first standards of value set up was cattle. Thus a certain thing was said to be worth so many head of cattle. In the *Iliad* Homer says that the armour of Diomedes was worth only nine oxen and the armour of Glaucus was worth 100 oxen which indicates that in those days oxen were regarded as a standard of value.

Cattle were of great importance in the early stages of civilisation and in several languages the name of money is identical with that of some kind of cattle or domesticated animal. Professor Jevons points out that *pecunia* the Latin word for money is derived from *pecus* cattle, that the English word *fee* is nothing but the Anglo-Saxon *feoh* which signifies both money and cattle.

Different articles have been used in various countries at different times to meet the necessity for a medium of exchange and a measure of value. In India and in certain parts of Africa cowrie shells were and are still used as a currency. In some parts of China blocks of compressed tea are used. In Abyssinia blocks of salt serve a similar purpose. But it is needless to go through all these matters as they possess merely historical interest and have practically nothing to do with modern commerce. By degrees the precious metals became recognised as the best medium and ultimately coins were found to be of the greatest utility.

The Chinese are reported to have made coins as early as 2700 B.C. The ingots which had hitherto been so troublesome were by the invention of coins divided up into pieces of different values so that they could be available for the smallest purchases and operate as the medium of commerce without the process of weighing an operation which in the case of the precious metals was unreliable and open to misuse. The trouble of assaying the metals was done away with for the coins at length came to bear upon their faces the Government stamp which as a rule assured the holder that they were of a certain quality of metal. From this brief history of the evolution of money it is seen that each coin to the extent of its value is like an order payable to bearer drawn upon anyone to whom it is presented. The true nature or function of money is the right or title to demand something from others. John Stuart Mill says:

The pounds or shillings which a person receives weekly or yearly are not what constitute his income; they are a sort of tickets or orders which he can present for payment at any shop he pleases and which entitle him to receive a certain value of any commodity that he makes choice of.

The word money is derived from the temple of Juno Moneta which was used by the Romans as a mint. (See COINAGE MINT.)

**MONEY ARTICLE.**—By Money Article is understood that portion of the daily newspaper relating to monetary and investment matters. Although called the Money Article only a small portion of the section deals with money as a commodity and the precious metals; the greater part of it being devoted to movements in the prices of investment securities. Financial Page or

Financial Section would be a better name but the term Money Article has become crystallised by use and will no doubt continue to be employed.

No daily or weekly newspaper is without this feature so widespread is the interest taken in financial matters. It is only during the last fifty or ninety years that the Money Article has become

a regular feature of the daily newspaper. Now and again a report by a stockbroker was published in much the same way as at the present time a report under the name of a broker or merchant may appear on the hop market but peaking generally, the financial portion of a newspaper was usually limited to a short list of prices.

To the student of the Press the development of the Money Article is of considerable interest for it has been least affected by the modern popular methods by means of which the Press has been revolutionised these last few years. In most newspapers the Money Article is still as stiff formal and technical as it was say twenty or thirty years ago although it must be admitted that some signs of a gradual change in the shape of a more newsworthy and a little more sprightliness is commencing to be apparent in one or two of the most popular papers. With the growing democratisation of finance this tendency is sure to develop and the day will come when the Money Article will be as interesting and possibly a sensational as the other sections of the daily paper.

Respect for tradition causes the commencement of each Money Article or financial page to deal with money that is to say the value of loanable money, discount rates, exports and imports of gold, etc. Then attention is paid to the principal sections into which Stock Exchange securities are divided in the following order: British and Colonial Government securities, British railway stocks, American railroad bonds and shares, Foreign Government loans and Commercial and Industrial securities. Separate sections are devoted to the leading speculative markets namely mining shares, rubber shares and oil shares. On the same page is given daily a list of prices ruling on foreign exchanges telegraphed from different financial centres and twice weekly following upon the regular meeting days of the bill brokers in London on Change is given a list of the London rates of exchange for remittances to foreign centres. As already stated the prices of a few of the principal stocks dealt in on the most important foreign Bourses are given under the headings of their respective towns and forming part of the Money Article but often printed on another page on account of its being late news. It is called the list of prices from New York which gives the closing prices recorded on that important Stock Exchange some hours after the close of business on the English Exchanges on account of the difference in time. The half-yearly or annual reports of all companies of importance that come to hand are summarised and the salient points brought out in a few lines which appear on the financial page, announcements as to dividend declarations, traffic returns, mining outputs, etc. also appear in a few lines and by the time one has dissected the Money Article in this fashion it is startling to think how much work, how many telegram, from all quarters of the world and how much human activity are compressed into the few columns of apparently uninteresting matter that are comprehended under the designation of the Money Article.

On certain days of the week several items of news appear in the Money Article. Every Friday for instance the morning papers contain the weekly report of the Bank of London and comment upon it. On other days similar reports of the leading Continental Banks and the Associated New York Banks also appear.



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Summaries of prospectuses of new issues are also inserted in the Money Article, and occasionally criticisms, these latter are not so frequent as is desirable, "business reasons" no doubt being responsible for this circumstance. The insertion of prospectuses in newspapers has to be paid for at a very high rate, and there may be a certain reluctance to criticise things heavily advertised. To the credit of several papers let it be said that the fact that a new issue is advertised in their columns does not prevent the financial editors from pointing out any weaknesses or shortcomings in the security of the issue, but there is undoubtedly room for the extension of this practice. The summarised reports of company meetings often appear on the financial page. If of any length, these are usually paid for as advertisements. Uninteresting as they may appear to the general reader, it is none the less a fact that many of these company reports give first-hand information on topics of general interest.

As regards the lists of prices which are given in the Money Article, it should be understood that only a very small fraction of the total number of existing Stock Exchange securities can possibly be included. To a certain extent, the Stock Exchange securities quoted in the daily papers may be taken as being those in which business is most frequent, but this is not necessarily the case, as here also it is the practice of many papers to include certain securities in their list of quotations against payment. The financial papers naturally publish much longer lists than the ordinary daily papers, but even these cannot notice more than a certain proportion of the securities that are quoted. The official lists of the various Stock Exchanges contain thousands of securities which are not quoted in the Press.

The function of the Money Article is a double one, first, in the shape of news, its function is to record price changes and events of importance affecting the value of investment securities, thus much being in the nature of news. Its second function is to draw attention to movements, tendencies, and factors that may affect values, thus serving to guide business men and investors in their transactions. The first function is performed more or less by all Money Articles, the second in varying degree, and it is here that the future development of the Money Article lies.

#### MONEY AT CALL AND SHORT NOTICE.—

Bankers must always retain a certain amount of money on hand to meet the ordinary requirements of business, but in addition they keep balances at the Bank of England, or with their London agents, to such an extent as may be deemed necessary, and any surplus funds which they may have, and which they desire to keep in an available form, may be lent to bill brokers and stockbrokers against securities. Money lent in this way is repayable at "call" or at "short notice," and is therefore almost immediately obtainable in the event of any sudden demand being made upon the bankers. The first line of defence of bankers is the cash on hand and their balances at the Bank of England or with their London agents, which is repayable on demand, the second line of defence is the "money at call and short notice."

**MONEY CHANGERS.**—People who deal in the moneys of different countries.

**MONEY, FUNCTIONS OF.**—The existing complicated industrial system is one in which each individual lives, for the most part, not on things in the production of which he himself bears a part,

but on things obtained by a double exchange—a sale followed by a purchase. Means of effecting this exchange, vehicles for the transfer of the ownership of property, negligible in a ruder age, are nowadays essential. The sum of these "instruments of circulation," or the currency, bears the general name of money. This forms a counter-current, leading from the consumer by successive stages to the first producer, replacing the capital of all those who have assisted in placing the product within reach of the consumer. Besides, even before the whole operation is liquidated by the consumer, the merchant and the manufacturer enter into engagements on the strength of their expectations—operations of credit intervene, present wealth is obtained for future good. In our time the currency to effect the transfers of actual property or of rights consists of: (1) Coin, metallic ingots of which the weight and quality are guaranteed by Government, (2) the whole mass of titles of credit—bills, notes, cheques, and the like—sometimes called the "fiduciary circulation." In other words, part of "the currency" consists of tangible tokens, which are accepted without any reference to the reputation of the person tendering them, but the "trust" or "fiduciary" circulation is entirely a matter of confidence in the character and solvency of him who tenders the title, on the part of him who takes it in payment. Development of credit has, indeed, led trade—especially international trade—almost back to barter: goods are interchanged for goods with little intervention of coin or bullion. But in modern barter there is a constant reference to gold, the bill or note may not explicitly be translated into a heap of yellow ingots, but there is always the feeling that at desire coins would be available for the effect. It must be added that some coin holds an intermediate position between the money which in itself is a gage or pledge, and "trust" money. Such are the token coins of which the nominal value is guaranteed by Government; and which may be regarded as bank-notes of small denominations. Money may be defined by referring to its principal function as *whatever instrument, token, or expedient serves the most readily and economically to effect the transfer of property from one owner to another*. This, it will be observed, regards as "money" not that alone which like the gold sovereign has value in itself, but also that which is simply a symbol of value. Again, restricting ourselves to metallic money, we may say: *Money is that which passes freely from hand to hand throughout a community (i.e., is in demand not for any one purpose, but for general purposes), and is received in full payment for commodities or services without reference to the character of the person tendering it (i.e., its value is not dependent on our estimate of the reputation of the one who offers it), to be used for no other purpose than again to be tendered in return for goods or services (i.e., selling is only half of the exchange, we dispose of our goods or services in order to be able to purchase)*.

The inconveniency of barter is so great that, without some speedy means of exchange, division of employments could not have appeared. A man who had a surplus of his own produce to dispose of might readily find one who would be glad to take it. But if the latter had only his own products to give in exchange and the first was already well provided in that respect, no exchange could take place. As soon, therefore, as the advantages

attendant on division of labour were apparent every prudent man would strive to obtain some article which though not fitted for his immediate purpose was in great and general demand—for which therefore he would be sure of finding a customer. Exchanging his own commodity for this general commodity which is potentially anything else he is now able to obtain from its holder the special commodity he requires. It is to the fact that money seems thus to be not some one thing but things in general that we must attribute the exaggerated importance at times attached to money. The holder appears to possess not the one thing for which his money will ultimately be given but all the things which it is at his option to purchase. Without some such medium of exchange the persons whose wants were reciprocal could seldom meet. The latter in need of bread might starve before he found the baker who required a new hat.

But, of course a hatter or a baker could never exist without the existence also of a medium of exchange. As the state of society becomes less rude pure barter must have been speedily superseded by exchange through the intervention of a third commodity which facilitated the distribution of produce according to the convenience of those among whom it was shared. Thus reindeer among the Laplanders skins among hunting tribes fish among fishing peoples, as the cod in Newfoundland cattle among pastoral tribes articles of ornament in general request arms and tools have been and are yet in some cases the general commodity adopted. In one very disastrous period of the history of New South Wales the absence of coinage caused rum to be adopted as the intermediary of exchanges. It was in general request it was easily divisible, and it did not deteriorate by keeping. Hence it rapidly became the settling medium for which alone goods would be given or services rendered. But in a highly civilised state the need for a rapid means of exchange is infinitely greater money becomes not simply a convenient means of exchange but is an actual necessity for production. A common medium is indispensable to perform the numberless acts of exchange by which a man translates his services into the commodities he requires. His income is the commodities he consumes the counters he receives as wages are the apparently indispensable means of certifying his claims on the stock of things useful and agreeable and of making the claim an effective one.

Closely connected with the primary office of a medium of exchange is that of a means for measuring values. In one sense indeed this is even more important than the first for in barter transactions the weaker bargainer would be mercilessly exploited. The introduction of a money measurement has been an advantage to morality as well as a convenience for trade—the greatest improvement in the position of the English peasant came from the introduction of a money economy which enabled him to compute what was required of him and which substituted settled payments for arbitrary demands for labour or provisions. The spontaneous choice of the tacit agreement on some third commodity to facilitate exchange would, even in early times be forthwith followed by the use of the selected commodity as a common measure of the worth of things to be exchanged—as a common denominator of values. The tailor with his coat would find it troublesome and tedious to calculate how much bread he should obtain for his article

And a fresh calculation would need to be entered on in reference to any other article he required. Between 100 different articles there are possible 4950 exchanges. For each article may be exchanged against every other the first may be exchanged in ninety-nine ways the second in ninety-eight (omitting exchange with the first which we have already counted) the third in ninety-seven and so on. The total number of exchanges would therefore be the sum of all the numbers from

$$99 + 1 \\ 99 \text{ to } 1 \text{ or } \frac{99 \times 100}{2} = 4950 \text{ Obviously}$$

since each transaction would involve a fresh calculation trade as we understand it would be out of the question. The difficulty disappears if a common object of comparison is adopted each article in the exchange is estimated as so many sovereigns so many cattle skins rifles or whatever forms the medium of exchange in the community. Comparisons between the two articles is henceforth easy just as comparisons between lengths is facilitated by the reckoning of the lengths as so many yards and feet. Instead of the 4950 relations we have 100 only to remember and we may at once arrange the articles on a scale of values. A rough and ready means of estimating relative values may once have been quite sufficient. To say that the armour of Diomedes cost nine oxen but that of Glaucus cost a hundred oxen is already an advance. Exchange is no longer clogged and embarrassed as in a state of barter. But the diversity in value between different cattle the great size of the units and the fact that they could not be divided as well as the speculative element which entered into them—the cattle might deteriorate in keeping they might also be productive while kept—all these qualities would make such a unit inadmissible in times when calculation is carried to a nicety. We need a unit of measurement as definite as we may make it. And our sovereign is physically defined in all points. Every sovereign issued from the Mint must be of a definite weight and of a definite standard of purity. The Coinage Act says: "The sovereign is defined as consisting of 123.27447 grains of English standard gold composed of eleven parts of fine gold and one part of alloy chiefly copper. Only very slight deviations from the defined weight and chemical composition are permitted. Through the devices of coining by which the Government guarantees the ingot to be of the required weight and fineness the debtor and the creditors may dispense with the necessity of weighing and assaying the metal. We are perfectly certain for what we bargain when we contract for so many sovereigns. But a striking fact is apparent when we consult the legal definition of the sovereign. Nothing whatever is said about value the property in objects which the sovereign is expected to measure. We know well that the weight and quality of commodities may alter without thereby altering the value and that weight and quality may remain unchanged while the value fluctuates. An exuberant harvest may reduce the price of a bushel of wheat by four as dearth may raise it fourfold. If engagements were made in corn they would be a matter of chance. Is the case similar with regard to gold? This question which is discussed in the article on STANDARD OF VALUE leads to the third important function of money in modern times that of forming a basis for commercial obligations. If money were simply a lubricant for the wheels of commerce a

definition of weight and quality would suffice, but what the commercial community is interested in is the value

So long a time nowadays elapses between contracts and their fulfilment, between the incurring of obligations and the liquidating of them, that unless we mean to introduce needlessly the gambling element into our contracts, we must ensure, at any rate approximately, an unchanging standard of value. Increase in the value of gold, that is, a strengthening of its command over commodities in general, robs the debtor. It forces him to pay more than he bargained—not more sovereigns, but more corn and cloth, more beef and beer. Decrease in the value of gold robs creditors of their full due, they obtain for the money when repaid less goods than they parted with. In order that there shall be certainty in the interpretation of contracts, the settling medium should be consistent in value. And when we give to gold the ambitious title of "standard of value" we mean to imply that gold is this desired commodity: we assert that its value is invariable, and that time is not an element to be considered in its value. Within certain limits this is true. To the many qualities which originally recommended gold as the money material—the *universal attraction exercised by it, its perfect divisibility, its portability, i.e., the great value contained in small bulk, its cognisability* (the ease with which it could be recognised because of its beauty, its colour, its specific weight, and its capacity to take the most delicate designs)—a more important quality unfolded itself by degrees, a quality without which it could be of little service to modern commerce and industry. This was the fact that it was less liable than any other commodity to experience fluctuations in value. It is not exempt from these fluctuations. The influx of gold into Europe from America after the discovery of the New World caused a great change in the permanent value, and its results form one of the most curious chapters of our history. And the increased output from the South African and other mines to-day is producing in the value a slow fall which is also likely to be permanent. The change from year to year, however, cannot but be very slight and almost imperceptible. For the metal is practically indestructible: it is to the very smallest degree affected by oxygen, and so endures throughout ages without sensibly diminishing in weight. The annual output compared with the whole quantity in existence is, therefore, rarely much more than sufficient to replace the yearly loss from abrasion, forgotten hoards, certain uses in industry, shipwrecks, and the like. Practically the whole of the anterior product is available, for, though fashioned into the most diverse forms, the gold is easily recoverable with the very smallest loss. Other products are consumed within brief periods, and the annual output is consequently a most important factor in their value.

With gold, however, variations in the annual production cannot so affect the supply as appreciably affect the value. We may accordingly, with tolerable exactness, assert that gold fulfils the function of a standard of value, and is suitable, therefore, for deferred payments. Thus, our sovereign is an almost perfect unit of value both for present payments and for payments at a future date.

We must note here that *money of account* other than that which serves as a medium of exchange is at times made a basis of contracts. Thus for a long

while, rents in England were calculated in wheat or in day's labour, though payments were made in coin. In the United States, too, injudicious attempts by the Government to make its subjects use silver caused many deferred contracts to be framed so as to be payable in gold. The use of two different kinds of money concurrently is most undesirable. The money which a man receives for his goods should be that which will settle his debts, and the money which a creditor receives should be available for the purchase of the commodities he needs. This is a derivative from the primary functions.

Because money is the standard of value both for present and future payments, and because of its stability of value it serves as an instrument for economising, i.e., it forms a *store of value*, which may suffice for a time long after the amassing of the store. In theory it may be possible to conceive of capital without money. In actual practice, the invention of money has always preceded the growth of capital. The man who practised abstinence must have been able, before he could save to transmute the rapidly deteriorating results of his labour as an agriculturist or of his skill as an artisan into something proof against the consuming action of time. The fruits of the earth decay in a little while, manufactured products do not long resist the ravages of time. The only use of great possessions in early days was the giving of lavish and wasteful hospitality, the rude orgies of our Saxon forefathers were as much the result of the lack of means to store up the results of labour, as of the greed and gluttony of the participants. So the discovery of a means of postponing enjoyment has led to the preservation and distribution of useful things.

As a *store of value*, metallic money was far more important in a rude state than in our modern highly civilised community, where obligations are met and claims honoured without the intervention of a pledge. The man who retired from business in former days realised his possessions into hard cash and placed the proceeds in a strong box, to which recourse was afterwards made at irregular intervals. Thus did Pope's father when he retired to Twickenham. The adding to riches now means the altering of figures in a banker's book, and the retiring business man invests his funds in Consols or other respectable securities, and subsists henceforth on dividend warrants, which he receives at regular intervals.

The increased importance of the function of money as a *standard of value* has already been alluded to. The complexity of modern markets, the difficulty of foreseeing the courses of prices, of demand, of substitution and the rest, makes the task of the merchant difficult enough. It would be intolerable if he had also to take count of the possible fluctuations in the settling medium.

As a vehicle for the transfer of property the use of metallic money is in all large transactions usurped by "representative money." It would be physically impossible to carry on a day's business at the Bankers' Clearing House if sovereigns passed at each transaction. Of course, gold forms the basis for the credit paper: the creditor accepts the paper because he has no doubt about the possibility of its immediate conversion into cash. The fiduciary circulation is discussed in other articles, here we content ourselves by pointing out that we have become so inured to the use of paper that we spontaneously identify the property with its title.

Rights to property of all kind are transferred by the simple handing over of a paper. We may send abroad in a letter the factories, railways and canals of England; we may bring to England those which are abroad. The thing itself remains stationary; its image moves incessantly from one place to another and he who has the image possesses the thing. So by construction of works at home, docks, warehouses, mines we increase our means of exporting just as surely as if we made more cottons or more hardware.

To sum up the functions of money: (1) It is the medium of exchange. (2) It serves as the measure of value. (3) It forms a basis of contracts for long term. (4) It is a means of capitalisation. (5) It is an instrument which transfers property from hand to hand and from place to place.

**MONEY HAD AND RECEIVED**—This is a form of action at law in which a plaintiff claims from a defendant certain moneys which are alleged to have been received by the defendant on behalf of and for the benefit of the plaintiff, which moneys the defendant has failed to pay over to the plaintiff. In a certain sense it corresponds to the action of detinue (*qv*), but whereas in the latter case the actual things detained are sought to be recovered in the former it is not any actual coins but a certain sum of money which is demanded as having been wrongfully withheld.

**MONEYLENDERS**—Until the Moneylenders Act of 1900 was passed there had been for more than forty years no statutory restrictions on money-lending; the old usury laws having been repealed by the Statute 17 and 18 Vict. c. 90, but courts of equity had always given relief to a borrower in cases where the transaction was harsh and unconscionable, e.g. in bargains with expectant heirs and so-called catching bargains. The Act of 1900 is not of universal application—it applies only to the transactions of a moneylender as defined by the Act, i.e. of a person whose business is that of money-lending or who advertises or announces or holds himself out in any way as carrying on that business. It does not apply to a casual loan made by a friend to help another, unless it can be shown that the lender lends money as a business. A man may have several businesses and carry them all on at the same time and in order that a man may be a moneylender as defined by the Act it is not necessary that moneylending should be his sole or principal business. If a clerk in a large bank were to make a practice of lending money to his fellow-clerks at a remunerative interest, he would be a moneylender within the Act, but (a) a pawnbroker in respect of business carried on by him in accordance with the provisions of the Pawnbroker Acts, (b) a registered society within the meaning of the Friendly Societies Act 1896 or a society registered under the Building Societies Act 1874 to 1894, (c) a body corporate empowered to lend money by a special Act of Parliament, (d) a person *bona fide* carrying on the business of banking or insurance or *bona fide* carrying on any business not having for its primary object the lending of money in the course of which and for the purposes whereof he lends money, and (e) a body corporate for the time being exempted from registration under the Moneylenders Act by order of the Board of Trade—all these are expressly excepted from the provisions of the Act. In other words they are not moneylenders as defined by the Act.

Every money lender as defined by the Act must

register himself as a moneylender under his own or usual trade name and in no other name and with the address or all the addresses if more than one at which he carries on his business of moneylending and must carry on his moneylending business in his registered name and in no other name and under no other description and at his registered address or addresses and at no other address and must not enter into any agreement in the course of his business as a moneylender with respect to the advance and repayment of money or take any security for money in the course of his business as a moneylender otherwise than in his registered name. He must also upon reasonable request and on tender of a reasonable sum for expenses furnish the borrower with a copy of any document relating to the loan or any security therefor.

If a person is a moneylender within the meaning of the Act and is not registered, he cannot recover from the borrower any sums that may be due to him in respect of the loan. The same result follows if the moneylender is registered but can be shown to be carrying on his business also in some unregistered name or description or at some unregistered address or to have entered into an agreement with regard to the advance and repayment of money or to have taken any security for money in the course of his business as a moneylender otherwise than in his registered name or to have refused to furnish the borrower after he has tendered a reasonable sum for expenses with a copy of any document relating to the loan or any security therefor.

A moneylender must be registered in his own or usual trade name. No question can arise as to the meaning of registering in a man's own name but some doubts may reasonably be held as to the meaning of registering in a man's usual trade name. Is a name that a man adopts and intends to use exclusively for the purpose of his money-lending business a usual trade name if he has not used it before November 1st 1900 the date when the Moneylenders Act came into force? Was John Jones who had never before, say, January 1902, been known as William Smith at liberty to register himself as a moneylender in January 1902 under the name of William Smith? For many years the opinion was held and acted upon that this was allowable under the Act, and that if a man traded exclusively under the name of William Smith and was known to all his customers and clients by the name of William Smith, William Smith could properly be considered as his usual trade name. But this opinion can no longer be supported and a recent case in the House of Lords has decided that a man can only register as his usual trade name a name under which he has traded and been usually known to trade before the date of his application for registration. But it also decided that where the Commissioners of Inland Revenue had improperly accepted and registered as a usual trade name a name which the applicant had never used before but intended to use exclusively in future for that particular business the moneylender was not precluded from suing for and recovering in a court of law the money due to him from the borrower. If a man who has a registered name enters into any contract or transaction in his money-lending business in any other name than his registered name the transaction is void and the lender cannot recover any of the money due to him, but if his name is on the register of moneylenders his

contracts in that name, so long as that name remains on the register are valid, notwithstanding that the name may have been put wrongly upon the register.

What is the meaning of the provision that a moneylender must carry on his moneylending business at his registered address or addresses, and at no other address? It is obvious that a great many of the negotiations and searches and enquiries which precede or form part of the moneylending transaction cannot take place at the registered address. When money is advanced, the borrower giving a bill of sale on his furniture by way of security for the loan, the inventory and valuation of the furniture will probably be made at the borrower's house, and some bargaining as to the amount to be advanced may also take place there. Also the moneylender in the ordinary course of his business may send out circulars announcing his readiness to make loans, and offering to call on the intending borrower, if the borrower cannot make it convenient to come to the moneylender's office. He may also at times actually advance the money at the borrower's address, and before advancing it make him execute the bill of sale at this address, or sign the promissory note or bill of exchange or other material document. Is it correct to say that by doing any or all of these things the moneylender is carrying on business at an address other than his registered address? Different views were held on this point, and some of the earlier decisions are difficult to reconcile with one another. But the true principle is now laid down by the House of Lords in *Kirkwood v Gadd*, L R 1910, App Cases, 422. If a moneylender really deals with a borrower at his registered address, whether by interview, or by correspondence, he may transact negotiations or conclude the actual contract elsewhere. If, however, a single transaction goes through without the borrower being brought into communication with the registered address of the moneylender until after the transaction is completed, that will probably amount to carrying on business elsewhere than at the registered address. A doctor who has a professional address, but is out nearly all day visiting his patients or attending hospitals, carries on his profession at his professional residence. A barrister who is in court every day during all the time the court is sitting carries on his business or profession not in the court where he practises, but in his chambers where his clerk accepts briefs and makes appointments, and where the barrister can always receive communications. Similarly, a jeweller who delivers and receives payment for goods at a customer's house does not carry on business at the customer's house, but at his own shop. So in the case of a moneylender, the carrying on of his business is something quite different from the carrying out of the transactions which make up the business. The carrying on of the business must be at the registered address, the carrying out of the transactions may be wherever convenient.

A moneylender cannot carry on business at one address under his own or usual trade name, and at another address as a partner of a firm registered under a different name.

Besides the penalty of being unable to enforce payment of money due to him, if he infringes the rules as to registration and carrying on his business as laid down in the Act, a moneylender is also liable to fine and imprisonment. If he fails to register himself as required by the Act, or if he carries on business otherwise than in his registered name, or in

more than one name, or elsewhere than at his registered address, or if he refuses to supply the borrower on demand, and on tender of a reasonable sum for expenses, with a copy of any document relating to the loan, he is liable, on conviction, for a first offence, to a fine not exceeding £100, and in the case of a second or subsequent conviction to three months' imprisonment with or without hard labour, or to a fine of £100 or both, and the fine may be increased to £500 on a second or subsequent conviction, if the offender be a body corporate.

It may happen that a man who occasionally lends money may have the *bond fide* belief that he is not concerned in or carrying on any business of moneylending, and that, consequently, he is not a moneylender within the meaning of the Act, and, therefore, not liable to place himself on the register as a moneylender. If the facts of the case show that he is a moneylender within the Act, he cannot recover money due to him in respect of the loans, but he is not liable to be prosecuted criminally for this offence, except with the consent of the Attorney-General or Solicitor-General. No such consent is required for criminal proceedings against a registered moneylender for carrying on business otherwise than in his registered name or at any place other than his registered address or addresses, or for entering into any agreement with respect to the advance or repayment of money, or taking security for money otherwise than in his registered name. A man who registers himself as a moneylender is presumed to make himself acquainted with all of the very few regulations imposed by statute on the moneylender, and any breach of those regulations exposes him at once to a prosecution. But the same principle does not apply where a reasonable doubt exists as to whether a man is or is not carrying on what the law describes as the business of a moneylender, and it is a just provision in the Act that in a case of this kind, before criminal proceedings may be instituted, the whole of the circumstances of the case have to be considered by an impartial official, who will not allow the criminal law to be abused, and will only authorise criminal process to issue when it is justified by the facts of the particular case.

The registration of a moneylender has effect for three years and no more; it can be renewed from time to time, and the registration has effect for not more than three years from the date of the last renewal.

It is a criminal offence punishable by a fine not exceeding £100, and by imprisonment, with or without hard labour, for a term not exceeding three months, for a man to send to an infant a circular inviting or inducing him to borrow money, and the sender is deemed to know that the addressee is an infant, unless he proves he had reasonable ground for believing him to be of full age.

If a moneylender or his agent by means of any false or misleading statement, or by any dishonest concealment of material facts, fraudulently induces or attempts to induce any person to borrow money, or agree to terms on which money is to be borrowed, he is liable to imprisonment, with or without hard labour, for a term not exceeding two years and to a fine not exceeding £500.

Where proceedings are taken by a moneylender in any court to recover money lent, or to enforce any agreement or security, and the court is satisfied that the interest charged is excessive, or that the amounts charged for expenses, enquiries, fines, bonus, premiums, renewals, or any other charges

are excessive and that the transaction is harsh and unconscionable or is otherwise such that a court of equity would give relief the court may re-open the transaction and take an account between the moneylender and the defendant and re-open any account between them and relieve the defendant from payment of any sum in excess of the sum adjudged by the court to be fairly due in respect of such principal interest and charges as the court having regard to the risk and all the circumstances may adjudge to be reasonable and if any such excess has been paid or allowed in account by the debtor the court may order the creditor to repay it and may set aside either wholly or in part or alter any security given or agreement made in respect of the money lent and if the moneylender has parted with the agreement may order him to indemnify the borrower or other person sued. But in order to obtain this relief a borrower is not obliged to wait until the moneylender brings an action against him. The borrower or surety or other person liable can apply to any court in which the moneylender could have taken proceedings to recover the money he lent and the court may on the application of the borrower surety or other person liable exercise all the powers given to it when the moneylender takes proceedings although the time for the repayment of the loan or an instalment thereof may not have arrived.

There can be little doubt that the Moneylenders Act 1900 has had a very beneficial effect but in the course of the years it has been in operation it has been found necessary to amend it in two points. By Section 2 of the Act of 1900 any agreement entered into by a moneylender or any security for money taken by him in the course of his business as a moneylender if entered into or taken otherwise than in his registered name is void. If a moneylender takes any security for money in the course of his business as a moneylender otherwise than in his registered name he commits a criminal offence and the security in his hands is absolutely void. Not only is it void in the hands of the moneylender but until the law was altered by the Moneylenders Act 1911 (passed 16th Dec 1911) the security was void also in the hands of a *bona fide* assignee or holder for value without notice of any person deriving title under him. It was felt that this condition of the law might easily give rise to hardship and injustice and accordingly it is provided by the Moneylenders Act 1911 that any agreement with or security taken by a moneylender shall be and shall be deemed always to have been valid in favour of any *bona fide* assignee or holder for value without notice of any defect due to the operation of Section 2 of the Moneylenders Act 1900 and any payment or transfer of money or property made *bona fide* by any person whether acting in a fiduciary capacity or otherwise on the faith of the validity of any such agreement or security without notice of any such defect shall in favour of that person be and be deemed always to have been as valid as it would have been if the agreement or security had been valid. But this provision does not confer any benefit on the moneylender. If he takes securities while carrying on business otherwise than in his registered name and transfers them to a *bona fide* holder for value without notice the moneylender is to be in the same position as or possibly in a worse position than, if the securities had never passed through his hands for he is liable to indemnify the borrower

or any other person who is prejudiced by virtue of this new provision and further if the assignee or holder for value is himself a moneylender the agreement or security remains void as it was before the Act of 1911.

The other alteration in the law effected by the Act of 1911 is that no moneylender may be registered under any name including the word bank or under any name implying that he carries on banking business. All such names as are on the register must be removed at once and any moneylender who issues any circular notice advertisement or letter of any kind containing expressions which might reasonably be held to imply that he carries on banking business is liable on summary conviction to the same penalties as if he had carried on business otherwise than in his registered name.

**MONEY MARKET AND TRADE.**—A market is a place where prices are settled by competition. Sellers strive to get rid of their goods and buyers strive to obtain them the efforts being limited on the one side by the wish to give as little as possible on the other by the wish to obtain as much as possible. In a perfectly organised market there are so many buyers and sellers all so keenly on the alert to promote their own interests and all possessed of adequate knowledge of the conditions of the market that the price of the same commodity is uniform throughout the market. Such a market for very bulky or very perishable goods will be a very restricted area for others it may extend to the whole commercial world.

Of the latter class the most important is money — bankers' money whatever instrument token or expedient serves to transmit goods from one holder to another. The price of money does not differ materially from place to place though it may fluctuate rapidly from time to time but in this connection two ambiguities need to be made clear. First by money in the money market sense is meant not coin but credit. Money usually means credit with a bank the privilege of drawing cheques accorded by the bank manager to a customer. The commodity of the money market is an immaterial one produced by thought and liable to be annihilated by thought. The buyers in the market are those who wish to have control of capital for a period they wish to obtain credit. The sellers are those who by the arrangements of society have control over capital and who are willing to transfer their privilege at a price and the price is a definite rate of interest. For the second ambiguity is that which lurks in the word price. When we speak of the price of an article we mean the value of the article in relation to gold when we say that wheat rose to £2 a quarter in 1910 we state that gold of two sovereigns weight exchanged for wheat of a quarter's weight. For a time during that year the gold in two sovereigns was equal in estimation to the quarter of wheat. The Mint Price of Gold too is a perfectly definite term it expresses simply the fact that by statute law an ounce of standard gold is converted at the Mint into 31½ sovereigns. The price of money in the money market is however something different. It expresses the greater or less difference between an amount of money down and an amount to be given as an equivalent some time hence. It is the greater or less payment which must be made for credit facilities and when we speak of the value of money in this sense—when we say for instance that money is cheap—we are using value in quite other than



contracts in that name, so long as that name remains on the register are valid, notwithstanding that the name may have been put wrongly upon the register.

What is the meaning of the provision that a moneylender must carry on his moneylending business at his registered address or addresses, and at no other address? It is obvious that a great many of the negotiations and searches and enquiries which precede or form part of the moneylending transaction cannot take place at the registered address. When money is advanced, the borrower giving a bill of sale on his furniture by way of security for the loan, the inventory and valuation of the furniture will probably be made at the borrower's house, and some bargaining as to the amount to be advanced may also take place there. Also the moneylender in the ordinary course of his business may send out circulars announcing his readiness to make loans, and offering to call on the intending borrower, if the borrower cannot make it convenient to come to the moneylender's office. He may also at times actually advance the money at the borrower's address, and before advancing it make him execute the bill of sale at this address, or sign the promissory note or bill of exchange or other material document. Is it correct to say that by doing any or all of these things the moneylender is carrying on business at an address other than his registered address? Different views were held on this point, and some of the earlier decisions are difficult to reconcile with one another. But the true principle is now laid down by the House of Lords in *Kirkwood v Gadd*, L R 1910, App Cases, 422. If a moneylender really deals with a borrower at his registered address, whether by interview, or by correspondence, he may transact negotiations or conclude the actual contract elsewhere. If, however, a single transaction goes through without the borrower being brought into communication with the registered address of the moneylender until after the transaction is completed, that will probably amount to carrying on business elsewhere than at the registered address. A doctor who has a professional address, but is out nearly all day visiting his patients or attending hospitals, carries on his profession at his professional residence. A barrister who is in court every day during all the time the court is sitting carries on his business or profession not in the court where he practises, but in his chambers where his clerk accepts briefs and makes appointments, and where the barrister can always receive communications. Similarly, a jeweller who delivers and receives payment for goods at a customer's house does not carry on business at the customer's house, but at his own shop. So in the case of a moneylender, the carrying on of his business is something quite different from the carrying out of the transactions which make up the business. The carrying on of the business must be at the registered address; the carrying out of the transactions may be wherever convenient.

A moneylender cannot carry on business at one address under his own or usual trade name, and at another address as a partner of a firm registered under a different name.

Besides the penalty of being unable to enforce payment of money due to him if he infringes the rules as to registration and carrying on his business as laid down in the Act, a moneylender is also liable to fine and imprisonment. If he fails to register himself as required by the Act, or if he carries on business otherwise than in his registered name, or in

more than one name, or elsewhere than at his registered address, or if he refuses to supply the borrower on demand, and on tender of a reasonable sum for expenses, with a copy of any document relating to the loan, he is liable, on conviction, for a first offence, to a fine not exceeding £100, and in the case of a second or subsequent conviction to three months' imprisonment with or without hard labour, or to a fine of £100 or both; and the fine may be increased to £500 on a second or subsequent conviction, if the offender be a body corporate.

It may happen that a man who occasionally lends money may have the *bond fide* belief that he is not concerned in or carrying on any business of moneylending, and that, consequently, he is not a moneylender within the meaning of the Act, and, therefore, not liable to place himself on the register as a moneylender. If the facts of the case show that he is a moneylender within the Act, he cannot recover money due to him in respect of the loans, but he is not liable to be prosecuted criminally for this offence, except with the consent of the Attorney-General or Solicitor-General. No such consent is required for criminal proceedings against a registered moneylender for carrying on business otherwise than in his registered name or at any place other than his registered address or addresses, or for entering into any agreement with respect to the advance or repayment of money, or taking security for money otherwise than in his registered name. A man who registers himself as a moneylender is presumed to make himself acquainted with all of the very few regulations imposed by statute on the moneylender, and any breach of those regulations exposes him at once to a prosecution. But the same principle does not apply where a reasonable doubt exists as to whether a man is or is not carrying on what the law describes as the business of a moneylender, and it is a just provision in the Act that in a case of this kind, before criminal proceedings may be instituted, the whole of the circumstances of the case have to be considered by an impartial official, who will not allow the criminal law to be abused, and will only authorise criminal process to issue when it is justified by the facts of the particular case.

The registration of a moneylender has effect for three years and no more, it can be renewed from time to time, and the registration has effect for not more than three years from the date of the last renewal.

It is a criminal offence punishable by a fine not exceeding £100, and by imprisonment, with or without hard labour, for a term not exceeding three months, for a man to send to an infant a circular inviting or inducing him to borrow money; and the sender is deemed to know that the addressee is an infant, unless he proves he had reasonable ground for believing him to be of full age.

If a moneylender or his agent by means of any false or misleading statement, or by any dishonest concealment of material facts, fraudulently induces or attempts to induce any person to borrow money, or agree to terms on which money is to be borrowed, he is liable to imprisonment, with or without hard labour, for a term not exceeding two years and to a fine not exceeding £500.

Where proceedings are taken by a moneylender in any court to recover money lent, or to enforce any agreement or security, and the court is satisfied that the interest charged is excessive, or that the amounts charged for expenses, enquiries, fines, bonus, premiums, renewals or any other charge

to contract—and the money system again by a system founded on credit.

The extension of credit to international relations calls into greater activity the productive powers of the world. The loan policy of Australia for instance has been described as a taking of foreign capitalists into partnership in Australian development. The resources not only of our Colonies but of all commercial countries have been developed with the help of British capital and credit, and though afterwards in what might appear a churlish spirit they strive to shut out our products by tariff barriers the increased trade and increased output of wealth is of the greatest benefit to us as well as to them. We lay the whole world under contribution by our invisible exports, our credit advances the earnings of our ships, the commissions of our bankers and brokers, and all the other services performed by a community which provides a clearing house for the world. Against these exports comes into the country the excess of imports which to superficial observers is so terrifying.

By the instrumentality of the Money Market the productive funds of a country are called into a more complete state of productive activity. The man of industrial talent or organising ability is able to obtain control of the funds he needs to make his capacity effective. No undertaking likely to pay and seen to be likely can perish for want of money. The man who has saved but who from disinclination or lack of skill and knowledge cannot personally superintend the employment of his accumulated funds is able to draw an assured income. He is relieved from the necessity of keeping his funds idle or from wasting them in unskilful attempts at making a profit from them. Another guaranteeing to him a fixed return employs the funds in production. It is the business of bankers and brokers to know whom they may trust. They must have an intimate knowledge of the standing of parties: they must have a certainty that those to whom they commit funds are such as will neither dishonestly appropriate nor dishonestly risk what belongs to another. They must personally and incessantly watch the changes which impair the position of one applicant and which justify their advancing more to another. So long as the credit system is worked by intelligent men on sound principles it renders to the community a boon which makes all the difference between brisk trade and great prosperity and stagnant trade with great adversity. Says Bagehot in *Lombard Street*: "There is no idle labour and no sluggish capital in the whole community, and in consequence all which can be produced is produced, the effectiveness of human industry is augmented, and both kinds of producers—both capitalists and labourers—are much richer than usual because the amount to be divided between them is also much greater than usual. Our own Money Market the outcome of an unprecedented trust between man and man is the greatest economical power the world has ever seen."

A further consequence of the organisation of the Money Market is that injudicious and ruinous speculation has been to a great extent prevented. A disastrous crisis such as that of 1866 or 1873 is a thing of the past. There may be the milder maleness of over trading, but the delirium of the old bubble companies is absent for the main cause of the recurrent periods of absurd and reckless investment was the fact that the money of saving persons was used to be lying idle. Lord Macaulay in his history

tells us: "During the interval between the Restoration and the Revolution the riches of the nation had been rapidly increasing. Thousands of busy men found every Christmas that after the expenses of the year's housekeeping had been defrayed out of the year's income a surplus remained, and how that surplus was to be employed was a question of some difficulty. In our time to invest such a surplus at something more than 3 per cent on the best security that has ever been known in the world is the work of a few minutes; but in the seventeenth century a lawyer, a physician, a retired merchant, who had saved some thousands, and who wished to place them safely and profitably, was often greatly embarrassed. So men were at times ready to invest in any wild scheme even."

For an Undertaking which shall in due time be revealed. Each subscriber was to pay down two guineas and hereafter to receive a share of one hundred with a disclosure of the object, and so tempting was the offer that 1,000 of these subscriptions were paid the same morning, with which the projector went off in the afternoon.

Another advantage—an advantage our traders do not enjoy so much as those of other nations but which is in some ways as important as that conferred by the chance of getting cheap money—is the fact that discount facilities can be relied on at moderate and not wildly fluctuating rates. The best interests of trade—so that commerce is dead and gambling has taken its place—may not be true—are promoted by a fairly low and stable rate rather than by an alternately very high and very low rate. It is no doubt out of the question that our bank rate should be as uniform as that of Paris. London is the single place where gold may be had without demur against drafts; the Bank of England cannot protect its reserve by offering to pay demands in silver as the Bank of France may. London has therefore long been the clearing house of the world, and though Berlin and New York now play a much more important part than formerly in cosmopolitan finance, its position as such does not seem to be seriously threatened. But being subject to incalculable drains from the most diverse quarters—now for a Japanese war loan now for an Australian development scheme again as in 1907 for American securities—the pressure on the gold reserve is at times so great that a rise of the bank rate is imperative. Money is less freely called for at home and money from abroad is attracted by the high rates prevailing. Thus much of the gold that New York received from London in 1907 came ultimately from Berlin and Paris and on both transactions—the receipt from the Continent and the transmission to New York—commissions would be due to our bankers. As an American banker puts it: "England has so organised her capital by means of her magnificent banking system that she is the banker of the world and collects tribute from all the nations of the world in the form of interest not for the use of her wealth or capital but for the use of her credit. Paradoxical as it may sound it is literally true that by means of her splendid banking organisation England collects interest upon millions and millions of her own indebtedness to other nations. It is a very profitable business to collect interest on what one owes and it is this which makes England the creditor nation."

Still traders have legitimate cause for complaint when the fluctuations which unsettle their

the ordinary sense. The value of money properly means the purchasing power of money, the value of money in the money market sense expresses the greater or less reluctance with which those who have control of capital transfer their power of control.

Now, a metaphor more correct than is usual with such comparisons describes money as a lubricant for the wheels of trade. In the present system of industrial life, in which all employments are minutely sub-divided, and all concerned in production depend for their remuneration on the price of their commodity, it is of the utmost importance that the commodity should speedily reach one who will make a return for it in other commodities or services. A man who makes the eighteenth part of a pin cannot live on the product of his labour until exchange has taken place, and a man who in a year makes the thousandth part of a great ship cannot wait till his commodity is exchanged for others. Money, by facilitating exchanges, enables the sub-division of employments to be carried out, and credit, by furnishing advances, enables works that demand long periods for their accomplishment to be performed. The time which in these days elapses between the commencement and conclusion of works makes it imperative that means should be found of rewarding present exertions destined to benefit people only after an interval. Without our banking organisation with the discount facilities afforded by it, the few who have sufficient capital to undertake lengthy contracts would be enabled to charge exorbitant sums for their services. The money market prevents the large capitalist from enjoying a monopoly.

Unless means are forthcoming of getting commodities into the hands of those who need them, there will be a stagnation of affairs. There will be what is called a general glut, an "over supply"—not, indeed, more than would be consumed, but more than in the state of the money market can get into the hands of consumers.

It should be described as an under-supply of money rather than an over-supply of commodities. For commodities provide a market for commodities. The cottons of Manchester are, through the channels of many intermediaries, exchanged for the tea of India, the silk of China, or the rubber of Africa. "There is a partnership in industries. No single large industry can be depressed without injury to other industries, still less can any great group of industries. Each industry, when prosperous, buys and consumes the produce probably of most other industries. Under a system in which every one is dependent on the labour of every one else, the loss of one spreads and multiplies through all, and spreads and multiplies the faster the higher the previous perfection of the system of divided labour, and the more nice and effectual the mode of interchange." The means which a person possesses of paying for the productions of other people consists of the goods he himself possesses. If we could suddenly double the productive powers of the country, we should double the supply of commodities in every market. We should, however, by the same stroke, double the purchasing power. Everybody would bring a double demand with his double supply. So long as there are backs to clothe and stomachs to feed, there cannot be "over-supply" in any real sense, but if through a deficiency of money—it may be through the sudden annihilation of a great mass of credit—commodities cannot meet

commodities, then we have an extreme depression of prices and a glut of commodities. Manufacturers are left with stocks on their hands, merchants cannot obtain the goods they need, and they are unwilling to grant credit to retailers. The manufacturer works short time, business is stagnant with the warehouseman, and the consumers have less money to lay out with the retailer. The vast advantages of a credit economy are accompanied at times by the drawback of sudden stringency in money, leading in extreme cases to a commercial crisis. Not the supply of goods, but of means of exchange, is defective, and thus is the cause of the phenomenon that Carlyle noted as amazing. "The blind Plugson, he was a captain of Industry, born member of the Ultimate genuine Aristocracy of this Universe, could he have known it! These thousand men that span and toiled round him, they were a regiment whom he had enlisted, man by man, to make war on a very genuine enemy, Bareness of back, and disobedient Cotton-fibre, which will not, unless forced to it, consent to cover bare backs. Here is a most genuine enemy, over whom all creatures will wish him victory. He enlisted his thousand men, said to them, 'Come, brothers, let us have a dash at Cotton.' They follow with cheerful shout, they gain such a victory over Cotton as the earth has to admire and clap hands at, but, alas! Why, Plugson, even thy own host is all in mutiny: Cotton is conquered, but the bare backs are worse covered than ever!" In order that capital and labour should be fully employed, that the captain of industry should have fair profits and the worker good wages so as to buy the cottons, these conditions are necessary—

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These two conditions are realised when credit is good, when men are able to get on easy terms the advances they require, and when a sanguine spirit among dealers leads to mutual concessions whereby the time taken by the commodity to reach its consumer is shortened. For coin—even gold—is too bulky an article to perform the multitude of exchanges which are necessitated in our complicated system. An instrument of greater delicacy is needed, and this is afforded by credit instruments—by banker's money—which is usually a result of the discounting of a bill. Provided that banking credit is based on a sound foundation, a lowering of the discount rate increases the facilities for getting goods from the producer to the consumer. Industry within the country is prosperous.

Goods wanting to be sold are sold as soon as ready, and every man who wants work finds remunerative employment. The greater part of wealth production depends upon exchanges. Unless we had exchange we should have no division of labour except in the most primitive manner, and if we had no division of labour there would be no machinery and no large scale production. A nation without a means of exchange is altogether barbarous; the adoption of a universally acceptable commodity is the sign and cause of its beginning to be civilised; credit facilities bring to their fullest development the productive capacity of the people. The whole industrial progress of our country is intimately bound up with the gradual supersession of a truck system by a money system—a change from status

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The regulations contained in the *Post Office Guide* then go on to give directions as follows—

(a) If the order is to be kept at the paying office till called for, he (i.e. the sender) should write the name of the paying office in the space provided and give the payee's address as a post office. He should inform the payee of the dispatch of the order and of the name of the post office at which he must apply for it unless this is already known to the payee.

(b) If the order is to be delivered at the payee's address the sender must furnish on the form of requisition a sufficient address. The order will be payable at the office from which it is delivered.

(c) The person applying for payment must in all cases furnish the name of the sender and if the order is addressed to be called for at the post office he must also produce evidence of his identity. If the sender wishes his name (or name and address) to be delivered to the payee with the order the words must be put on as a private message to be added to the official telegram of advice.

(d) A registered abbreviated address cannot be accepted in place of the name of the payee but it may be used as an address only if prefixed by the symbol c/o. Thus an order cannot be made payable to Ajax London but it may be drawn in favour of John Wilson c/o Ajax London. The use of abbreviated addresses may however in some cases give rise to delay in payment.

(e) The provision as to deferring payment of ordinary orders does not apply to telegraph money orders.

The sender may give directions for the order to be crossed for payment through a bank in which case he must pay for the insertion of the word crossed in the telegram of advice.

The sender of a telegraph money order is allowed on paying for the additional words required to have a short private communication for the payee not exceeding twelve words added to the official telegram of advice. The communication must be in plain words and must be written by the sender in the space provided for the purpose in the requisition form. If desired the private message may include the sender's own name (or name and address) which information is not in ordinary course communicated to the payee.

Except in cases in which telegraph money orders are delivered at the payee's address, any person expecting such a remittance must furnish satisfactory evidence that he himself is the person entitled to receive the money. He or someone on his behalf must attend at the office to obtain payment. Whenever doubt is entertained by a postmaster as to the authority, express or implied of a person to receive payment on behalf of the payer, he may require such person to produce an authority in writing from the payee for the payment of the money.

In the case of all money orders, whether telegraph or other payable at one of the smaller post offices, there may be some delay in effecting payment if sufficient funds are not in hand or if the office on which the order is drawn is closed for a weekly half holiday. The Postmaster General is not responsible for any delay so occasioned.

Foreign and Colonial money orders are now issued to almost every foreign country, or any of our dominions or colonies. In all cases special requisition forms have to be filled up and these can be obtained gratuitously at all money order offices.

The scale of commission or poundage is as follows—

	s	d
For sums not exceeding £1	0	3
For sums above £1 but not above £2	0	6
£2	4	0
£4	6	0
£6	8	1
£8	1	3

and 3d for every additional £2 with a maximum of £40 for which the charge is 5s 3d. Money orders are restricted to a maximum of £10 and £20 in certain countries particulars of which are to be found in the *Post Office Guide*.

By arrangement with their respective governments telegraph money orders may be sent to Austria, Belgium, Egypt, France and Algeria, Germany, Holland, Hungary, Italy, Luxemburg, Norway, Roumania, Sweden and Switzerland. But except in the cases of Austria, Belgium, Germany, Holland, Norway, and Switzerland payment can only be made at certain selected offices the names of which may be seen at the issuing office.

The charges made are as follows—

(1) The money order commission at the ordinary rate for foreign money orders.

(2) A charge for the telegram of advice at the ordinary rate for telegrams addressed to the country of payment.

(3) A supplementary fee of sixpence for each order.

As changes are being frequently made in postal regulations inquiries should always be made at the post office when money is required to be sent abroad or the latest copy of the *Post Office Guide* should be consulted. (See POSTAL ORDERS.)

**MONEY QUANTITY THEORY OF**—The most striking example of the dependence of value on Demand and Supply is afforded by the value of gold, the international currency with which alone we need concern ourselves. By the value of gold however we are to understand here the ordinary use of the term the relative amounts of corn and wine of boots and clothes for which a given quantity of gold can be exchanged. If we make sell an ounce of gold for a large quantity of the commodities in the market the value of gold is high; if the ounce of gold commands only a small quantity the value of gold is low. The term value of money is used also to express the quantity of money which is paid for the loan of money. But this which is properly called the interest on money, has no intimate connection with value in its proper sense; it has no reference to the purchasing power of money.

Now though it is undeniable that in the long run the cost of production must regulate the value of gold as of all other commodities yet for long periods together the value is dependent solely on the quantity demanded for monetary purposes and the quantity in the market. And the quantity in the market, the supply, consists not alone of the present year's output, but that of times long anterior. The exceeding durability of gold makes the annual increment so small a fraction of the total amount that the value may persist above or below that dictated by cost of production. The latter in fact acts as a limit to the possible rise or fall. If the ounce of gold continues to exchange for more goods than would pay for the expense of extracting it from the refractory substances with which it is bound, capital and labour will be diverted to the profitable channel of gold mining.

calculations and render it difficult for them to obtain the advances on which they counted, occur for the sake of their foreign competitors. Our Money Market should not be so delicate a thing that the export of a comparatively small amount of our gold reserve, say, £500,000, sets the whole financial world in a tremor. An increased reserve would make for stability as well as for security, and from more than one quarter it has been asserted that our ultimate gold reserve—our single store at the Bank of England—is quite inadequate in face of the liabilities that have been incurred. The Money Market is a potent instrument, but is one of most extraordinary fragility. In one way or another, such a reserve should be formed that ordinary variations in demand have no great effect on the rate at which advances are made on mercantile paper. The most hopeful way of obtaining the reserve is, perhaps, the enforcement, not necessarily by law but rather by the pressure of opinion, of regular publishing of accounts. An increased reserve—whether in the banks' own vaults or at the Bank of England—would almost inevitably follow from the increased publicity. One would promote the other. The increased reserve would remove a disinclination to publish accounts, the increased publicity would prevent a too daring manager from locking up so much of the ready cash, that his reserve became unduly small in proportion to the liabilities.

Particular aspects of the Money Market and Trade are dealt with in the articles (1) **MONEY MARKET PANICS** (due to an abnormal lack of credit following its unusual extensions), (2) **CREDIT** (in general), (3) **BANK NOTES, BILLS OF EXCHANGE, AND CHEQUES** (the currency of the Money Market).

**MONEY ORDERS.**—These are orders for the payment of money through the medium of the post office, *i.e.*, money may be paid in at one post office, an order obtained and transmitted to another person, and this other person can demand payment at some other stated post office. A money order may be issued for any amount between 1d and £40, provided the amount does not contain a fractional part of one penny.

The rate of commission or poundage on ordinary inland money orders is as follows—

For sums not exceeding £1	2d
For sums above £1, and not exceeding £3	3d
For sums above £3, and not exceeding £10	4d
For sums above £10, and not exceeding £20	6d
For sums above £20, and not exceeding £30	8d
For sums above £30, and not exceeding £40	10d

When a person wishing to remit money applies for a money order, he should use the printed form supplied gratuitously at all money order offices. On this form must be stated the name and address of both the remitter and the person to whom the money is to be paid. The place of payment must also be indicated. An order may be crossed like a cheque (see **CROSSED CHEQUE**) and then payment of the order will only be made through a bank. Either the officials at the post office or the remitter himself may cross the cheque, *i.e.*, back it

issuing office sends a letter of advice to the post office at which payment is to be made. Unless the order is presented through a bank, the person presenting it for payment must give the name of the remitter for comparison with the letter of advice.

When a money order is presented for payment, otherwise than through a bank, and is properly receipted, and the name of the remitter, as furnished by the applicant for payment, is in agreement with the letter of advice, it will be paid unless the postmaster has good reason to believe that the person applying is neither the payee nor his agent. In such a case no payment will be made until full inquiries have been made and matters of doubt set right.

If when an order has been issued the remitter desires to stop payment, he may do so, in the case of an order payable in the United Kingdom, by sending a notice, accompanied by a fee of fourpence in postage stamps, to the office at which the order is payable. Also payment may be deferred for any period not exceeding ten days, if the proper notice is given at the post office issuing the order. In the case of either a stopped or a deferred payment, the amount of the money order may be paid back to the remitter, and the Postmaster-General incurs no liability at all to the payee of the order.

There are special forms and certain payments required whenever there are alterations in the names—either of the remitter or of the payee, or where it is desired to change the place of payment. Particulars of these matters are obtainable at the issuing post office.

If a money order is lost, a duplicate will be issued in place of the lost order, on proper application being made and an extra commission of sixpence being paid.

At the end of twelve months from the month in which it was issued, a money order, if still unpaid, becomes legally void. But if a good reason can be given for the delay in presenting it, an application for a new order, subject to a deduction of sixpence, will always be entertained.

The Postmaster-General, when once a money order has been paid, no matter by whom presented, is in no way liable for any further claim, nor is he liable to pay compensation for loss or injury arising out of delay in payment of a money order, or out of any other irregularity in connection with an order.

Money can be transmitted by telegraph money orders from any money order office in the United Kingdom, which is also a despatching office for telegrams, and may be made payable at any money order office which is also an office for the delivery of telegrams. At those offices which forward but do not deliver telegrams, telegraph money orders can be issued but cannot be paid.

No single telegraph money order can be issued for a greater amount than £40. The charges are as follows—

(a) A money order poundage at the ordinary rate.

(b) A charge for the official telegram of advice at the ordinary rate for inland telegrams, the minimum being 6d.

(c) A supplementary fee of 2d for each order.

When a telegraph money order is sent, the sender, on filling up the form of requisition, must state clearly whether the order is to be called for at the post office or delivered at the payee's address.

When the order is issued, it is handed to the remitter, who forwards it to the payee, and the

& Co

acts on the belief that a higher price for the diminished amount will yield greater net profit than a lower price for the full amount and the belief may be a correct view. Demand for the article in question may be so inelastic that it requires a very great diminution in price to carry off the increased supply. The greater amount at the lowered price may realise less than the smaller amount at the higher price but usually even in the closest monopolies the greatest profit can be made by a policy of low charges coupled with a huge volume of business. Economies of production cannot be effected without this huge output and to dispose of the output prices must be low enough to attract a vast custom. In order to induce people to take enough goods to utilise adequately their fixed capital the prices will usually differ little from what they would have been if free competition had existed but these prices will seldom be spontaneously adopted by the monopolists. They will strive to make high profits by high prices and a restricted output rather than by low prices with a great output and their usefulness to the community will be less than it should be. It needed the Parliamentary Trans Act of 1844 to teach the railway companies that their interests lay in cultivating third-class traffic. When prices are higher than what free competition would fix a tax is levied on the consumer by the monopolist whether the monopolist is the steel trust or the municipality or the State. An industry which enjoys a monopoly will also tend to routine experiment and progress and energetic initiative can hardly be expected when gains are steady and no competition acts as a stimulus. Thus the consumer must usually pay in addition to the tax for the profit of the monopolists another for their laziness or incapacity.

**MONTENEGRO**—Montenegro at one time a part of Turkey lies to the north west of that country with a coastline on the Adriatic. It measures 7 hundred miles from north to south and eighty from east to west and has an area of 3 630 square miles and a population of about a quarter of a million.

**Build and Productions.** The greater part of the surface is mountainous with a raw climate suitable only for grazing and stock rearing. The mountains of the south-east are well wooded but the lack of communication renders the forests valueless. The chief lowland areas is in the valley of the Zeta which flows into Lake Scutari the western half of which is in Montenegro. Here the vine and maize will grow while on the coast which extends for a distance of 28 miles the olive is found.

The largest town is *Podgorica* on the Zeta with a population of 10 000.

The capital *Cettinje* has only 4 400 inhabitants and is most easily approached from Cattaro on the Austrian coast from which there is a well made mail road. The only other town of size in the interior is *Nikšić* (5 000).

On the coast are *Dubrovnik* (5 000) and *Antivari* (7 500).

On the lake are the small ports *Pazar*, *Plav*, *Prizren* and *Rižan*. All the towns and villages are connected by road the only railway is now gauge being from Antivari to *Vukovar*.

There is some trade with the surrounding countries principally with Austria cattle sheep goats and animal products being the principal exports while the imports are maize petroleum salt and

manufactured goods of all kinds there being no industries in the country.

The revenue of the country being insufficient for its needs considerable sums are advanced annually by Austria and Russia for specific purposes—military education etc.

The present ruling house has been in power under various régimes since the end of the 17th century. The form of government since 1905 has been that of a constitutional monarchy the parliament or *Skupština* being popularly elected. In practice however the Prince of Montenegro is almost absolute.

Mails are despatched twice a day to Montenegro. The time of transit to Cettinje which is 110 miles distant from London is rather less than five days (For map see Turkey).

**MONTH**—Until quite recent times the word month was held to mean lunar month i.e. a month of twenty-eight days. And this is still the meaning unless there is some evidence to the contrary. This was expressly stated in the case of *Drumery v. Moore* 1904 1 Ch 305. In modern times however Acts of Parliament have frequently turned the meaning into Calendar month and practically since the year 1850 the calendar month has taken the place of the old lunar month. See particularly such Acts as the Bills of Exchange Act 1882 and the Sale of Goods Act 1893.

**MORA**—A hard close grained timber much used in shipbuilding. The bark has astringent properties and is suitable for tanning. The supplies come from British Guiana.

**MORATORIUM**—The real meaning of this word which is of Latin origin is delay and it is applied exclusively to those cases in which a Government allows a certain additional time in which to liquidate debts. Thus certainty as to the date of payment is one of the special points connected with bills of exchange. But if the peculiar circumstances of a country demand that there should be an extension of time allowed then the doctrine of moratorium comes in. Three examples may be given of the application of moratorium. In 1870 71 the Franco-German war was raging. By an ordinance of the French Government the maturity of bills of exchange payable in Paris was postponed for three months. In 1891 during a monetary panic in Argentina a similar device was adopted. And lastly in January 1910 owing to the great floods in Paris the French Government suspended the law regarding the protest (q.v.) of commercial bills and enacted that bills falling due between the 7th January and the 15th February 1910 should not be protested for non payment until after a delay of twenty days.

**MORGEN**—(See FOREIGN WEIGHTS AND MEASURES—GERMANY).

**MOROCCO** Position, Area, and Population. Morocco or *Morocco* occupies the north western corner of Africa where that continent approaches most nearly to Europe which is here only 13 miles distant. On the east the *Wadi Ghir* forms the boundary with Algeria while the southern border lies along the *Draa* for the most part the coast strip running southward beyond the mouth of that river. It has an area of 219 000 square miles and a population variously estimated at from four to five millions.

Travelling through the country are the Little Atlas Mountains in the north and the Great Atlas further south. The latter are mountains covered in parts by perpetual snow so that most of the



simply expresses in another form that an ounce of gold is coined into  $3\frac{1}{4}$  sovereigns. It is the weight of a sovereign that is defined, not the value of gold—the amount of commodities for which it will exchange. Price is the value expressed in gold, and the value of gold in gold must always be the same.

Since 1873, when Germany and Scandinavia followed our example and adopted the gold monometallic system, there has been a general movement throughout the commercial world towards the system. Though many countries are still nominally under a bimetallic system, in practice gold is the sole international currency, and by various devices silver and paper prices are brought into harmony with gold prices. Prices may be in the countries of the Latin Union—France, Belgium, Switzerland, Italy, and Greece—expressed in silver and values measured in silver, but gold prices are always “understood.” Similarly the high prices in the depreciated paper money of Brazil and Chile are the reflection of the value of the paper in gold. Even in Asia the gold standard is asserting itself. In 1897 Japan adopted yet another occidental fashion and placed its monetary system on a gold basis. In 1899 India also, although its principal money is still the silver rupee, by restricting the minting of silver, raised the value to a stable ratio with gold. There are some signs of a reaction in favour of the concurrent use of silver as a standard, in favour, that is, of bimetalism. But an international agreement as to money seems as far off as an agreement to limit armaments, and we shall in all likelihood continue to live under the single gold system. Certainly we may anticipate that no isolated nation will ever again attempt to restore silver to its former place alongside gold, as the United States did by the disastrous Sherman Act of 1890, which had to be hurriedly repealed in 1893.

**MONOPOLISE.**—This signifies the obtaining possession of a commodity by a person so that he becomes the only seller of the same.

**MONOPOLIST.**—The person who has the sole power or privilege of selling or dealing in a particular commodity.

**MONOPOLY.**—An absolute monopoly exists when the supply of a commodity is under the sole control of one person, or body of persons, among whom agreement has superseded competition. They possess a seller's monopoly, and in theory prices may be racked up to the buyer's extreme estimation of the worth to him of the commodity. The value in exchange may reach as high as the value in use; or, using the technical language now in vogue, the final utility may correspond to the total utility. There may be no *consumer's surplus*. When no amount of labour and capital can add to the stock in existence, the holder of the stock can, of his own free will, fix the price. It is quite arbitrary, and may be raised so high as to preclude purchase by all except the strongest purchaser—he who has the greatest desire to possess allied with the power of realising his desires. Rare coins, master paintings, unique remains of olden times, like ancient sculptures, wines which can be grown only under rare combinations of soil, climate and exposure, and the like commodities are objects susceptible of monopoly. Such things cannot honestly be duplicated, and their value depends on demand and supply, with no reference to cost of production. A buyer's monopoly obtains when a particular commodity can be sold to one person

alone. The most common case is that of a large employer who may in his particular industry provide the only available market for the labour of thousands of workmen. In theory, again, such a monopolist can force the sellers of labour to accept the lowest price which is compatible with existence in working condition. Monopolies are natural when they arise from the niggardliness of nature; land in crowded places, a genius for painting, or music, or writing, are monopolies and command monopoly prices. Monopolies are artificial when they arise from privileges conferred by law. Patented articles and copyright books are examples of such monopolies. Society grants them to encourage investment of capital in new and apparently better ways. Similarly, Parliament, in order to give capitalists some security for investment in hitherto untried directions and to obviate ruinous competition, grants exclusive powers to companies or to individuals; and these powers enable a monopoly to be created. Thus a railway has the sole right of carriage by rail throughout a district; but this monopoly is limited by the fact that carriage by road, by light railway, and by motors, can be substituted if prices range too high. This possibility of substitution prevents most monopolists from making extortionate charges. If the price of standard oil were raised, the demand for gas would increase and that for oil diminish, so that the oil is sold at prices only slightly above cost. Desires are interchangeable, and one may readily be substituted for another. Thus the wish for motor-cars is said to have diminished the demand, not alone for horses and harness, but, strangely enough, for pianos. And if the price of spirits goes up, more mineral waters and tea are drunk. It is the principle of substitution that has caused many “corners” to be failures. Even where there is no natural or artificial monopoly, the size of an undertaking may be so great that “freedom of competition” becomes a vain phrase. Water companies and gas companies are examples.

The granting of monopolies was formerly much abused, so that in 1601, when the law forbidding their grant was passed, a member could say: “The principal commodities both of my Town and Country are engrossed into the hand of those blood-suckers of the Commonwealth, the Monopolitans.”

The modern tendency towards monopoly is a result of the recognition of the fact that the larger the output of a business the less the cost price of a unit of production. A monopoly enables one to realise the economies—*internal economies* through better organisation, effective use of the most elaborate and costly machines, and the like, *external economies* through the cutting down of selling expenses, through the relative stability of markets, and the rest—of production on a large scale. This plea is often the ostensible and sometimes the real reason for the formation of trusts and other combines, which have a practical monopoly. By the creation of a monopoly, prices to the consumer can be lowered, but more often the monopolist needs to be controlled in the public interest—a truth long since acted on in the case of railways.

A monopoly can be made effective only by narrowing supply. Monopoly value is scarcity value. The government of San Paulo, which practically controls the coffee supply of the world, in years of exuberant harvest actually destroys a portion of its crops in order to keep prices up. It

acts on the belief that a higher price for the diminished amount will yield greater net profit than a lower price for the full amount and the belief may be a correct view. Demand for the article in question may be so inelastic that it requires a very great diminution in price to carry off the increased supply. The greater amount at the lowered price may realise less than the smaller amount at the higher price but usually even in the closest monopolies the greatest profit can be made by a policy of low charges coupled with a huge volume of business. Economies of production cannot be effected without this huge output and to dispose of the output prices must be low enough to attract a vast custom. In order to induce people to take enough goods to utilise adequately their fixed capital, the prices will usually differ little from what they would have been if free competition had existed but these prices will seldom be spontaneously adopted by the monopolists. They will strive to make high profits by high prices and a restricted output rather than by low prices with a great output and their usefulness to the community will be less than it should be. It needed the Parliamentary Trans. Act of 1844 to teach the railway companies that their interests lay in cultivating third-class traffic. When prices are higher than what free competition would fix a tax is levied on the consumer by the monopolist whether the monopolist is the steel trust or the municipality or the State. An industry which enjoys a monopoly will also tend to routine experiment and progress and energetic initiative can hardly be expected when gains are steady and no competition acts as a stimulus. Thus the consumer must usually pay in addition to the tax for the profit of the monopolists another for their laziness or incapacity.

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The largest town is *Podgorica* on the Zeta with a population of 10 000.

The capital *Cattaro* has only 4 400 inhabitants and is most easily approached from Cattaro on the Austrian coast from which there is a well made mail road. The only other town of size in the interior is *Nikšić* (5 000).

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On the lake are the small ports *Paš*, *Plav* and *Rižan*. All these towns and villages are connected by road the only railway being a gauge being from Antivari to Vir Pazar.

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Mails are despatched twice a day to Montenegro. The time of transit to Cetinje which is 110 miles distant from London is rather less than five days (For map see TURKEY).

**MONTH**—Until quite recent times the word month was held to mean lunar month i.e. a month of twenty eight days. And this is still the meaning unless there is some evidence to the contrary. This was expressly stated in the case of *Bruner v. Moore* 1804 1 Ch. 305. In modern times however Acts of Parliament have frequently turned the meaning into calendar month and practically since the year 1850 the calendar month has taken the place of the old lunar month. See particularly such Acts as the Bills of Exchange Act 1882 and the Sale of Goods Act 1893.

**MOI A.**—A hard close grained timber much used in shipbuilding. The bark has astringent properties and is suitable for tanning. The supplies come from British Guiana.

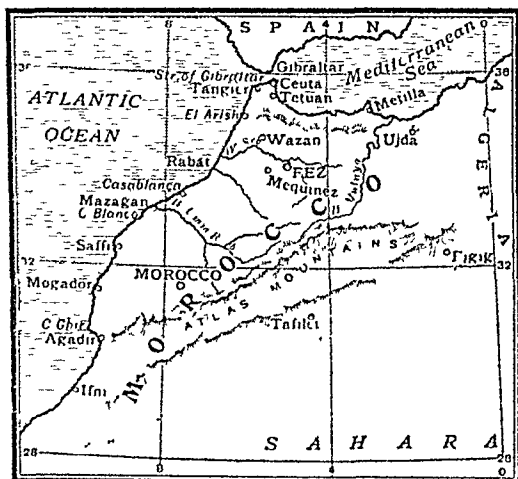
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**MORGEN**—(See FOREIGN WEIGHTS AND MEASURES—GERMANY).

**MOROCCO**—Position Area and Population. Morocco or Moroco occupies the north western corner of Africa where that continent approaches most nearly to Europe which is here only 13 miles distant. On the east the Wedj River forms the boundary with Algeria while the southern border lies along the Drav for the most part the coast strip running south and beyond the mouth of that river. It has an area of 219 000 square miles and a population variously estimated at from four to five million.

Running through the country are the Little Atlas Mountains in the north and the Great Atlas further south. The latter are mountains covered in parts by perpetual snow so that most of the

rivers rising in them have water in them throughout the year, even in the dry summer season, when the rainfall is very scanty. Of the rivers flowing to the Mediterranean, the Muluja is the most important. On the west the best known are the Sebu, the Um-er-Rebia, the Sus, near the mouth of which is Agadir, and the Draa, the latter, and others of the southern rivers, have but little water in them during the summer. The southern portion of the country is in Sahara.



**Productions.** There is known to be great mineral wealth in the country, but so far its disturbed state has prevented their exploitation.

Many of the plains are of great fertility, and, despite the unsettled condition of the country and the primitive methods employed, yield more than enough grain and fruit for local needs, so that some is exported. Considerable areas are under irrigation, particularly in the south, where the great oasis of Tafilet is the largest of those dependent upon the drainage of the Atlas.

**Commercial Centres.** The principal towns in the interior are Fez (140,000), Mequinez and Morocco City, each of which is a capital while the Sultan resides in it, although Fez is the most important. On the north is Tangier, the chief port, with a population of about 35,000, and Tetuan 25,000. On the west the chief ports, in order of the value of their total trade, are Casablanca, Mogador, Saffi, Mazagan, Agadir, and Rabat.

**Commerce.** The principal exports are barley, oxen, eggs, hides and almonds, olive oil, slippers, and wool. Almost half the imports are cottons, the other being sugar, tea, hardware, candles and flour.

The annual value of the imports is nearly three million sterling, of which Britain and France supply more than a third each. The exports, valued at about two and a quarter millions, go chiefly to France, Britain, Germany, and Spain.

**Government.** As far as the Moors themselves are concerned, the Sultan is a despot whose word is law as far as he can enforce it. In the coast towns, for the protection of trading interests, there is an international police, officered by Europeans.

Mails are despatched to Morocco every morning. The cost of postage to those places which have a British Post Office is 1d per oz. Tangier is 1,200 miles from London, and the time of transit is a little over four days.

**MOROCCO LEATHER.**—The skins of goats, tanned with sumach, dyed, and grained. The name is due to the fact that this leather was first dressed in North Africa. There are now numerous imitations, e.g., Levant, Persian, and French Morocco, which are made chiefly from sheep skins dressed in the same way as Morocco leather.

**MORPHIA.**—The active principle of opium, also known as morphine. It forms small white crystals of a bitter taste. In medicine it is valuable as a narcotic, and is administered, either in minute doses like ordinary medicine or by means of a hypodermic syringe. Morphia is a dangerous drug owing to its poisonous properties, and should only be used on medical advice.

**MORTGAGE.**—A mortgage is a conveyance of land or other property by a borrower, who is called the mortgagor, in favour of a lender, who is called the mortgagee, such land or other property being the security for the money borrowed, together with the interest thereon. Although the word mortgage, as stated above, is sometimes applied to a transaction of this kind which is concerned with personal as well as with real property, it is the more general practice to restrict the word mortgage to land which is hypothecated or pledged by way of security, and to give the name bill of sale (*q.v.*) to the security granted over personal property. There are many features in which a mortgage can be likened to a pawn, but whereas in the latter case the lender gets the possession of the articles pledged, in the former, whether it is a dealing with real or personal property, the possession of the land or the articles covered by a bill of sale remains with the borrower.

A mortgage of freehold land is, in law, an absolute conveyance by which the fee in the land, or the interest which the tenant has in it, is passed to the mortgagee, subject to an agreement for the reconveyance of the same by the mortgagee to the mortgagor in repayment of the loan on a fixed day. This day is usually stated at six months from the date of the execution of the mortgage. Of course, there is always a further stipulation as to the payment of interest, and on the repayment of the loan the interest must be included.

The reader should refer to the form of mortgage given as an inset.

By the common law, if the mortgagor failed to pay back the money borrowed, together with the interest, on the due date, the mortgagee was entitled to eject the mortgagor from the estate mortgaged and to take possession of the land for himself. In such a case the mortgagee, by the strict rule of the common law, deprived the mortgagor of all right to his lands for the future. But at a very early date the Court of Chancery stepped in to prevent a legal mortgagee asserting his rights in entirety. The doctrines of equity, as asserted by the Courts of Chancery, were passed so as to make the rules of the common law less harsh than they would be if carried out in all their strictness, and as it was considered that the transaction of a mortgage, no matter what its legal aspect, was in reality only a security for a loan, the idea of justice was that if at any time, subject to certain exceptions to be noticed hereafter, after the expiration of the period for which the loan was granted, the mortgagor was able and willing to pay back his loan with interest and any costs incurred, he was entitled to claim back his mortgaged estate in spite of his failure to pay at the stipulated time. Thus, there

**This Indenture** made the 1st day of August 1912

BETWEEN Alfred Jones of Sunnyside House Templetown in the City of Blankshire gentleman (hereinafter called the mortgagor) of the one part and Marmaduke Smith of 875 Strand in the City of London (hereinafter called the mortgagee) of the other part

WHEREAS the mortgagor is seised of the hereditaments hereby mortgaged for an estate in fee simple in possession free from incumbrances

AND WHEREAS the mortgagee has agreed with the mortgagor to lend him the sum of £1000 upon having the repayment thereof with interest at the rate hereinafter mentioned secured in manner hereinafter appearing

NOW THIS INDENTURE WITNESSETH that in pursuance of the said agreement and in consideration of the sum of £1000 now paid by the mortgagee to the mortgagor (the receipt whereof the mortgagor doth hereby acknowledge) the mortgagor hereby COVENANTS with the mortgagee to pay to him on the 1st day of February 1913 the sum of £1000 with interest thereon in the meantime at the rate of five pounds per centum per annum computed from the date hereof

AND also so long as any principal money shall remain due under these presents after the said 1st day of February 1913 to pay to him interest thereon at the rate aforesaid by equal half yearly payments on the 1st day of August and the 1st day of February in every year

AND THIS INDENTURE ALSO WITNESSETH that in further pursuance of the said agreement and for the consideration aforesaid the mortgagor AS BENEFICIAL OWNER doth hereby GRANT unto the mortgagee

ALL THAT (*describing the property in full*)

TO HAVE AND TO HOLD the same UNTO and TO THE USE OF the mortgagee his heirs and assigns SUBJECT to the proviso for redemption hereinafter contained (that is to say)

PROVIDED ALWAYS and it is hereby agreed and declared that on payment on the said first day of February 1913 by the mortgagor or the persons deriving title under him to the mortgagee or the persons deriving title under him of the sum of £1000 with interest thereon in the meantime at the rate aforesaid the premises hereinbefore granted shall at the request and at the cost of the mortgagor or the persons deriving title under him be duly reconveyed to him or them

PROVIDED ALWAYS and it is hereby agreed and declared that the mortgagee or the person deriving title under him shall not be answerable for any involuntary losses which may happen in or about the exercise or execution of the power of sale or any of the powers or trusts which may be vested in him or them by virtue of these presents or any statute

IN WITNESS whereof the said parties hereto have hereunto set their respective hand and seals the day and year first above written

ALFRED JONES

MARMADUKE SMITH

L.S.

L.S.



**This Indenture** made the 1st day of August 1912

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AND also so long as any principal money shall remain due under these presents after the 1st day of February 1913 to pay to him interest thereon at the rate aforesaid by equal mort-  
payments on the 1st day of August and the 1st day of February in every year <sup>a proper</sup> money, not <sup>a power of going to the</sup>

AND THIS INDENTURE ALSO WITNESSETH that in further pursuance of the said agreement and for the consideration aforesaid the mortgagor AS BENEFICIAL OWNER <sup>a mortgagee</sup> paying the same with <sup>a principal and interest and</sup>  
mortgagee <sup>to be appointed by the court—</sup>  
<sup>a month after judgment—the mortgagee</sup>  
<sup>be foreclosed or deprived of his equity of</sup>  
<sup>redemption</sup> In other words if the mortgagor fails  
to avail himself of the right conferred on him by the  
Court of Chancery to redeem after the day originally  
fixed for payment the mortgagee has his original  
right at law of becoming the owner of the forfeited  
estate (See FORECLOSURE)

ALL THAT (describing the property in full)

TO HAVE AND TO HOLD the same to the mortgagee  
SUBJECT to the provisions of the said Indenture with  
the mortgagee. Should then the coven-  
ants be broken in any way the lessor  
looks for his remedy to the mortgagor and the  
mortgagee is not bound to him. Of course the  
lessor may under certain circumstances be  
to the mortgagee but he always has his  
remedy against the mortgagor for the  
together with his interest if the security  
fails. The risks run will therefore  
be considered beforehand by the  
all form his own estimate as to  
if or should not lend money upon

necessary to add a word or two as to  
of copyholds. This is effected by  
written of the land to the mortgagee  
upon the rolls of the manor such  
arrangement being made void upon the  
the money advanced together with  
a interest

a brief of the nature of a mortgage and it  
proving that it is generally speaking one  
of the best methods by which a loan can be raised  
in many cases these loans take rather the  
of permanent investments. The relative  
of the mortgagor and the mortgagee have  
as a result of rules formulated by the court  
sometimes many of which have been embodied  
under of statutory enactments  
the exact rights of a mortgagee are usually set  
t in the mortgage deed unless the mortgage is a

(3) A mortgagee has a power at all times to insure  
and keep insured buildings on the mortgaged prop-  
erty and to add the premiums paid to his  
security

(4) If the mortgagee exercises his power of sale  
he does not take the property in lieu of the debt  
so as to extinguish it as he does by foreclosure but  
he can sue the mortgagor for any deficiency in the  
money arising from the sale to meet the principal  
interest and costs of the mortgage debt. On the  
other hand he must of course pay to the mortgagor  
any surplus if the sale realises more than enough  
to pay the principal interest and costs

It will thus appear how amply secured the mort-  
gagee is. Practically he runs no risk unless he has  
been exceedingly reckless as to the amount of his  
advance. No sane man ever thinks of advancing  
under ordinary circumstances more than two  
thirds of the value of an estate and in order to be  
on the safe side he would not venture to part with  
his money until he has had a valuation made by a  
competent person.

The rights of the mortgagor subject to any  
special covenants contained in the mortgage deed  
are as follows—

(1) It was the old rule that the mortgagor must  
give a notice of six months if he wished to pay off  
the money which he had borrowed. This rule has  
not been altered by statute although the mortgagee

has had the time reduced as far as he is concerned to three months, as already noticed.

(2) After he has given notice of his intention to repay, the mortgagor can at any time tender the amount of the principal, interest, and costs to the mortgagee, the interest being that sum which would be payable if the whole six months had elapsed, and if the mortgagee declines to accept the correct amount thus tendered, the mortgagor can institute an action for redemption, *i.e.*, the right to have his mortgaged estate reconveyed to him. The same course is open to the mortgagor when the mortgagee is pursuing any of his own peculiar remedies to enforce payment of his debt.

(3) The mortgagor can always demand an account of all rents and profits received by the mortgagee, even when the mortgagee has entered into possession.

(4) The mortgagee must always afford the mortgagor a full opportunity of inspecting the deeds connected with the mortgaged land. In equity the mortgagor has always certain rights, especially the right of dealing with the equity of redemption (*q.v.*), and it would be an impossibility for him to do so unless there was a power of producing the deeds of the property for the inspection of a person who wished to purchase or to deal with the equity of redemption.

(5) The mortgagor has a statutory power so long as he is in possession of the mortgaged property, except in so far as a contrary intention is expressed in the mortgage deed, to make leases and contracts of tenancy of any parts of the mortgaged property—agricultural and occupation tenancies not to exceed twenty-one years, and building leases not to exceed ninety-nine years. Such leases and tenancies must take effect in possession not more than twelve months after date, and must reserve the best rent that can reasonably be obtained. They must also contain a covenant by the tenant to pay the rent, and a counterpart must be executed by the tenant.

(6) On the discharge of the mortgage moneys, the mortgagor has a right to demand his property back in its integrity. In other words, on redemption he is entitled to have back that which he hypothecated unfettered, and anything which would prevent his getting it back when his obligation is fulfilled will not be permitted. In technical language, nothing will be allowed which will "clog the equity of redemption." For example, in a mortgage deed by a publican to brewers a covenant by the borrower after discharge of the mortgage to sell beer bought of the lenders *only* is bad, and cannot be upheld, inasmuch as the "tie" would reserve to the lender a hold on the property after redemption and, it less valuable, when it was mortgaged.

By statute, the mortgagor is to be able to get back his property without the necessity of a mortgagee's consent.

It has been stated above that the principal is generally made repayable six months after the date of the mortgage deed. There is nothing irregular however, in making a mortgage for a longer or shorter fixed period. But no agreement can make a mortgage irredeemable.

Where a lease has been granted prior to the date of the mortgage deed, the mortgage operates as a grant of the reversion. The mortgagee is entitled to any rent which is in arrear, and can exercise the landlord's right of distraint. If the lessee makes payment of the rent demanded by the mortgagee, he will be exonerated from any demand on the part of the mortgagor. The law is the same in the case of a yearly tenancy.

Where a lease is granted subsequent to the date of the mortgage deed, the lessee will be a trespasser and can be evicted if the statutory power of the mortgagor or mortgagee in possession to grant leases has been rendered non-exercisable. This right, however, will be waived if it can be shown that there has been an acknowledgment of a tenancy existing on the part of the persons interested.

All that has been said previously relates to what are known as legal mortgages, *i.e.*, to conveyances of property made by deed in the manner stated. But sometimes a loan is negotiated, and there is no mortgage deed entered into. But the lender requires security, and this is given by the deposit of the title deeds of the property, with or without a note or memorandum relating to the same. No estate passes from the mortgagor to the mortgagee. The name given to a mortgage of this kind is an "equitable mortgage." It is the creation of the Chancery Courts, and its name is equitable because at law there was no right on the part of the mortgagor to recover his title deeds, the transaction being one which ought to be evidenced by some document in writing in order to satisfy the Statute of Frauds. But this kind of mortgage is very useful when a temporary loan is required. A great legal authority once referred to an equitable mortgage in the following terms—

"A proprietor of an estate goes to his banker and says, 'Take these deeds into your possession, and obtain for me £10,000 on their security.' This is a mortgage by deposit of title deeds—an equitable mortgage—a most convenient mode of raising money. Notoriety is dispensed with, and the accommodation afforded, with every security to the lender and without the necessity for a mortgage deed."

An equitable mortgage is not the most satisfactory of securities, and it should not be resorted to when the loan required is to stand over for any time. In the first place, an equitable mortgage has not a power of sale possessed by the mortgagee, but is compelled to rely upon his power of foreclosure. Then there is also the danger of the mortgage being displaced by a subsequent mortgage. Thus, it is not very likely that a mortgagee is foolish in not taking the

payment according to the priority of their incumbrances. But if a third mortgagee for example buys up a first mortgage which is a legal one he can add the two mortgage debts the first and the third and claim precedence for the two over the second mortgage. This is called *tacking*. But tacking can never take place if a later mortgagee has actual or constructive notice of the prior mortgages which have been created.

Stamp duties in connection with mortgages are thus fixed by the Stamp Act 1891—

*Mortgage Bond Debenture Covenant* (except a marketable security otherwise specially charged with duty) and *Warrant of Attorney* to confess and enter up judgment.

(1) Being the only or principal or primary security (other than an equitable mortgage) for the payment or repayment of money—

Not exceeding £10

Exceeding—

£10 and not exceeding £25

£25

£50

£100

£150

£200

£250

£300

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£450

£500

£550

£600

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conveyance as aforesaid of any lands, estate, or property comprised in the title deeds or for pledging or charging the same as a security and

"(f) Any deed whereby a real burden is declared or created on lands or heritable subjects in Scotland, and

"(g) Any deed operating as a mortgage of any stock or marketable security

"(2) For the purpose of this Act the expression 'equitable mortgage' means an agreement or memorandum, under hand only, relating to the deposit of any title deeds or instruments constituting or being evidence of the title to any property whatever (other than stock or marketable security), or creating a charge on such property

#### *Direction as to Duty in Certain Cases*

"87 (1) A security for the transfer or retransfer of any stock is to be charged with the same duty as a similar security for a sum of money equal in amount to the value of the stock, and a transfer, assignment, disposition, or assignation of any such security, and a reconveyance, release, discharge, surrender, re-surrender, warrant to vacate, or renunciation of any such security, is to be charged with the same duty as an instrument of the same description relating to a sum of money equal in amount to the value of the stock

"(2) A security for the payment of any rent charge, annuity, or periodical payments, by way of repayment, or in satisfaction or discharge of any loan, advance, or payment intended to be so repaid, satisfied, or discharged, is to be charged with the same duty as a similar security for the payment of the sum of money so lent, advanced, or paid

"(3) A transfer of a duly stamped security, and a security by way of further charge for money or stock, added to money or stock previously secured by a duly stamped instrument, is not to be charged with any duty by reason of its containing any further or additional security for the money or stock transferred or previously secured, or the interest or dividends thereof, or any new covenant, proviso, power, stipulation, or agreement in relation thereto, or any further assurance of the property comprised in the transferred or previous security

"(4) Where any copyhold or customary lands or hereditaments are mortgaged alone by means of a conditional surrender or grant, the *ad valorem* duty is to be charged on the surrender or grant, if made out of court, or the memorandum thereof, and on the copy of court roll of the surrender or grant, if made in court

"(5) Where any copyhold or customary lands or hereditaments are mortgaged, together with other property, for securing the same money or the same stock, the *ad valorem* duty is to be charged on the instrument relating to the other property, and the surrender or grant, or the memorandum thereof, or the copy of court roll of the surrender or grant, as the case may be, is not to be charged with any higher duty than ten shillings

"(6) An instrument chargeable with *ad valorem* duty as a mortgage is not to be charged with any further duty by reason of the equity of redemption in the mortgaged property being thereby

conveyed or limited in any other manner than to a purchaser, or in trust for, or according to the direction of, a purchaser.

#### *Security for Future Advances, how to be Charged.*

"88. (1) A security for the payment or repayment of money to be lent, advanced, or paid, or which may become due upon an account current, either with or without money previously due, is to be charged, where the total amount secured or to be ultimately recoverable is in any way limited, with the same duty as a security for the amount so limited

"(2) Where such total amount is unlimited, the security is to be available for such an amount only as the *ad valorem* duty impressed thereon extends to cover, but where any advance or loan is made in excess of the amount covered by that duty the security shall for the purpose of stamp duty be deemed to be a new and separate instrument, bearing date on the day on which the advance or loan is made

"(3) Provided that no money to be advanced for the insurance of any property comprised in the security against damage by fire, or for keeping up any policy of life insurance comprised in the security, or for effecting in lieu thereof any new policy, or for the renewal of any grant or lease of any property comprised in the security upon the dropping of any life whereon the property is held, shall be reckoned as forming part of the amount in respect whereof the security is chargeable with *ad valorem* duty.

#### *Exemption from Stamp Duty in Favour of Benefit Building Societies Restricted.*

"89 The exemption from stamp duty conferred by the Act of the Session held in the sixth and seventh years of King William the Fourth, chapter thirty-two, for the regulation of benefit building societies, shall not extend to any mortgage made after the thirty-first day of July one thousand eight hundred and sixty-eight, except a mortgage by a member of a benefit building society for securing the repayment to the society of money not exceeding five hundred pounds"

A mortgage must be stamped within thirty days of the date of the deed, or if from abroad within thirty days from its arrival in this country. The same time is allowed for further stamping a banker's mortgage, where the amount is not limited, for an additional overdraft, dating from the time the extra advance is taken

The validity of a legal mortgage is not affected merely by the fact that it is not stamped, but the deed cannot be produced in Court as evidence unless it is properly stamped. An unstamped mortgage may be stamped, after the expiry of the thirty days, on payment of a penalty

#### *Memorandum by the Inland Revenue.*

"Primary Securities.—The instruments given to banks by their customers to secure overdraft on current account are, whether legal or equitable mortgages, almost invariably worded as securities for all sums due or to become due to the bank. In such circumstances the earliest of the instruments is the primary security for all advance and must in the first place be stamped 2s. 6d. 1s. per cent. Mortgage or equitable mortgage duty on the highest amount at one time due in respect of the indebtedness secured to the bank

up to date (i.e. within thirty days) and with additional duty from time to time in accordance with the provisions of Section 48 (2) of the Stamp Act 1891 if the indebtedness should subsequently reach, at any one time, a higher total.

**Collateral Securities**—Each of the other instruments must be treated as a collateral security for the highest amount of overdraft. In the case of legal mortgages full ad valorem duty of 6d per cent is chargeable on the highest amount at any one time due in respect of the indebtedness secured up to August 31, 1903, an annual ad valorem duty of 6d for every £100 or fraction of £100 increase of this indebtedness after that date but as to such increased indebtedness arising after August 31, 1903, with a limit of 10s in respect thereof under the provisions of Section 7 of the Revenue Act 1903. The collateral security or securities should also bear a duty paid stamp under Section 11 of the Stamp Act 1891. An additional duty paid stamp can be obtained from time to time as and when additional duty is imposed on the primary security.

**Equitable Mortgage**—In the case of equitable mortgages every security whether primary or collateral is chargeable with the duty of 1s per cent on the highest amount at any one time due in respect of the indebtedness secured to the bank up to date (i.e. within thirty days) and with additional duty from time to time in accordance with the provisions of Section 48 (2) of the Stamp Act, 1891 if the indebtedness should subsequently reach at any one time a higher total.

"In no case can the value of the security assigned, deposited or charged be taken as the basis of assessment for mortgage duty."

**Reconveyances**—Reconveyance duty is payable on the highest amount of the indebtedness at any one time secured. The duty is payable on all reconveyances where the highest amount at any time due on the varied security is £2,000 or over, where it is over £2,000 only on the final discharge, any partial release in that case attracting 10s.

If it should be found that duty has been previously paid on a wrong basis all the instruments should be forwarded to this office with a statement of the highest amount of the customer's indebtedness at any time subsequent to the date of the first instrument in order that the case may be submitted to the Inland Revenue.

**MORTGAGE DEBITOR**—This is a debenture under which not only is there a promise or undertaking to pay a certain sum of money but one who also charges the property of a payment as security for the payment of the money. (See DEBITOR.)

**MORTGAGED PROPERTY AND BANKRUPTCY**—The effect of a mortgage may have to be considered in bankruptcy in relation to creditor and creditor.

If a mortgagee's estate is sequestrated or liquidated it is of the reach of the trustee a question may arise as to whether the transaction is a fraudulent conveyance and as to the effect of bankruptcy but a mortgagee may exercise a right of sale of the property by way of security for a present advance and a mortgagee of a property to secure a present advance on a purchase is not prevented by an act of bankruptcy.

A mortgagee who has a mortgage on a future property may be prevented from exercising his right of sale.

Where a person claims to be a mortgagee of part of a bankrupt's real or leasehold estate the court may on the application of the mortgagee direct accounts to be taken and point out the method in which the sale is to be conducted.

The proceeds of the sale are applied first to the payment of the trustee's costs in connection with the matter and secondly to payment of the mortgagee. If there is anything over that goes to the trustee for the benefit of the estate. If the proceeds of the sale are not sufficient to pay off the mortgagee he may prove in the bankruptcy for the balance. A trustee in bankruptcy may with the consent of the committee of creditors mortgage the bankrupt's property in order to raise the money for payment of debts.

**MORTGAGEE**—The person to whom a mortgage of property is given as security for an advance of money.

**MORTGAGEE IN POSSESSION**—Under certain conditions a mortgagee is entitled to take into his own hands the collection of the rents and the management of property which is the security given by the mortgagor for an advance of money. The mortgagee then becomes mortgagee in possession. The usual method whereby a mortgagee who is entitled to take possession to put in a receiver who manages the estate and collect the rents. Only a legal mortgagee can become a mortgagee in possession without the sanction of the court. (See MORTGAGE.)

**MORTGAGOR**—The person who grants a mortgage of his lands to another who is called the mortgagee.

**MORTMAIN**—This word is sometimes met with in connection with real property though it is now becoming of no material consequence owing to the changes made in the law during recent years. In feudal times certain payments had to be made in connection with real property when such property passed from one person to another. But if the land was the real property was held by a separate body, such body has now in law a perpetual existence these payments became non-existent and the land was said to go into a dead hand in mortmain. After various attempts to prevent this evasion of payment the law is now fully settled the alienation to any corporate body at all. But the law was never thoroughly effective in this respect and the land got into the hands of these corporate bodies. With the decay of feudalism the necessity of the old statutes was done away with and the law was fully settled as far as such statutes as those connected with mortmain were concerned by three Acts of 1853, 1871 and 1872. There is now no restriction placed upon the giving or devising of land to a corporate body provided that certain formalities are observed and the necessity of selling the same may be overcome. With a proper care is made out of the sale proceeds of the trust. In fact the ancient restrictions as to holding land in mortmain are practically made void and a person who is a corporation may now hold land in mortmain.

**MORTGAGEE**—An advance of money and the security by mortgage of property is a condition of the advance. It is a security for the advance of money and is a security for the advance of money.

**MORTGAGE**—The law relating to mortgages.

produced in the district of the Moselle (German, *Mosel*), a tributary of the Rhine. The aromatic flavour is due to an addition of tincture of elder flowers, which also increases the alcoholic strength of the beverage.

**"MOST FAVOURED NATION."**—This is a clause which appears in many commercial treaties, and in some diplomatic arrangements other than those dealing with trade. Its intent is to place the contracting parties in matters of commerce on more favourable terms with regard to each other than the rest of the world or certain stipulated parts of it are placed. Thus England and France may agree to extend to each other whatever they grant to any third country, or to any of several named countries, Germany or the United States, for instance.

Under such a clause, if France admitted German cottons at a lower rate than that fixed by the general tariff, she would immediately and without condition extend the same privilege to England; and if England were to lower her rate of custom on German wines, a lowered rate would at once come into operation for French wines. No privilege, favour, or immunity could be granted to any country by France unless England shared in the grant, and favours granted by England, to whatever nation granted, would in like manner be shared by France. In virtue of treaties containing such clauses, there usually obtains in a country two rates of duties: one, the "general" tariff, which is only exceptionally operative, and which comprises duties on a higher scale, and the "conventional" tariff applicable to the countries with which treaties containing the clause have been concluded, and comprising duties on a lower scale.

A good example of the clause in a restricted sense was that included in the Frankfurt Treaty of 1871, which marked the conclusion of the sharp, but disastrous and expensive, Franco-Prussian War. France and Prussia agreed to admit each other's goods on at least as low terms as they admitted the goods of Britain, Austria, Belgium, Russia, Holland, and Switzerland. With reference to the denominated countries, France and Prussia were on the most favoured basis for mutual trade.

An example of the clause with the general formula is that included in the commercial treaty concluded in 1905 between the United Kingdom and Roumania. The clause is, moreover, an excellent summary of the scope of the agreements arrived at, and may be quoted in full: "The contracting parties agree that, in all matters relating to commerce, navigation, and industry, any privilege, favour, or immunity which either contracting party has actually granted, or may hereafter grant, to the subjects or citizens of any other foreign State, shall be extended immediately and unconditionally to the subjects of the other, it being their intention that the commerce, navigation, and industry of each country shall be placed, in all respects, on the footing of the most favoured nation". The article does not of itself confer any particular and definite privilege, but evidently it may involve the granting of a great number. Its effect is to remove one of the obstacles to free interchange of goods and to widen the circle of exchanges by the lowering of duties. Trade is made "freer" by mutual concessions.

Owing to her "Free Trade" policy, the United Kingdom is in almost every instance on the "most favoured nation" footing. When a concession has

been made by one country to another, the concession is as a matter of right extended to her. Her goods enter into all countries on terms which are at least as favourable as those accorded to the goods of other nations. This is of great advantage to her in the competition for the world's markets, and it is some alleviation of the hardship imposed on her by the erection of tariff walls to exclude her goods from certain markets. The United States and Germany may raise barriers against the entrance of her steel goods, but there is some consolation in the fact that, in the rest of the world, these goods are admitted on the lowest terms. Still, it is matter for deliberation whether, if the introduction of her Free Trade system had been made more circum-spectly, her goods might not compete on more favourable terms still. We cannot use, as an inducement to others to make concessions, the offer to open our door further, when it is already as wide open as possible.

**MOTHER-OF-PEARL.**—Also called nacre. It is the iridescent lining of certain molluscs of the oyster family. It is much used in the manufacture of small ornamental articles, such as buttons, knife-handles, studs, etc. The supplies come principally from the Indian and Pacific Oceans, and from Australia.

**MOTIONS.**—A motion is a proposal stated in definite terms and placed before a meeting with a view to its adoption as the resolution of such meeting. There is thus, strictly speaking, a distinction between a motion and a resolution, the former being merely a proposal, whilst the latter represents the settled determination of the meeting. With regard to company meetings, however, motions, whether they have been agreed to by the meeting or not, are usually referred to as resolutions, and the word is used throughout this article in that sense.

When shareholders meet together in general meeting, they may individually and collectively express opinions with regard to the management and policy of their company, but the directors are bound to heed neither opinions nor suggestions unless such are embodied in properly adopted resolutions, that being the only way in which the members can effectively give expression to their corporate will. These resolutions may be either ordinary, extraordinary, or special resolutions.

An Ordinary Resolution is one which requires for its adoption no more than a bare majority of the votes of those present at the meeting or, if allowed by the articles of the company, represented by proxy. Such resolutions are used for more or less routine business, such as adopting the directors' report and accounts, sanctioning a dividend, and electing directors. Where the statute or a company's articles of association state that a certain matter must be effected by a resolution, without specifying the kind of resolution, it is understood that an ordinary resolution is implied.

Extraordinary and Special Resolutions are defined at length in Section 69 of the Companies (Consolidation) Act, 1908, as follows—

"(1) A resolution shall be an extraordinary resolution when it has been passed by a majority of not less than three-fourths of such members entitled to vote as are present in person or by proxy (where proxies are allowed) at a general meeting, of which notice specifying the intention to propose the resolution as an extraordinary resolution has been duly given.

(2) A resolution shall be a special resolution when it has been—

(a) passed in manner required for the passing of an extraordinary resolution; and

(b) confirmed by a majority of such members entitled to vote as are present in person or by proxy (where proxies are allowed) at a subsequent general meeting of which notice has been duly given and held after an interval of not less than fourteen days nor more than one month from the date of the first meeting.

To pass an Extraordinary Resolution it is necessary that notice of the meeting should be given in the manner prescribed by the company's articles. The terms of the proposed resolution should be stated in the notice which must intimate that it is the intention to propose the resolution as an extraordinary resolution. It must be passed by the majority laid down in the Act viz three-fourths of those present at the meeting or if allowed by the articles represented by proxy.

The resolution need not be passed in exactly the same terms as given in the notice, but the latitude for modifications would probably in no case be very great, since any alteration which rendered the notice misleading would invalidate the resolution if passed (See also under AMENDMENTS).

With regard to the required majority it should be noted that this must be reckoned in relation to the number of persons present, and cannot be considered as a majority of three-fourths of the votes given unless of course all those present vote. Any member present who abstains from voting does in effect vote against the resolution and must be so counted when determining whether or not the resolution has been properly carried.

If a poll is duly demanded at a meeting where an extraordinary resolution is submitted to be passed or a special resolution is submitted to be passed or confirmed, the Act provides that in computing the majority reference shall be had to the number of votes to which each member is entitled by the articles of the company.

To pass a special resolution two meetings are necessary. The first to pass the resolution as in the case of an extraordinary resolution and the second to confirm the resolution as passed at the first meeting. The majority at the first meeting must be three-fourths of those present and entitled to vote or if the articles allow represented by proxy. The majority at the second meeting need only be a bare majority of those present and entitled to vote the provision as to proxies applying equally. At the first meeting the resolution may be amended, provided the amendments do not go beyond the scope of the notice, but at the second meeting no alteration whatever is permissible.

If the first meeting is held on the first day of the month, the earliest day on which the second meeting can take place in order to comply with the Act will be the sixteenth of the same month and the latest the second day of the month following.

The question of giving proper notice of the meetings for passing a special resolution has to be carefully considered. The provisions laid down in the company's articles relating to the giving of notices generally must be strictly followed. If there be no regulations in the articles to the contrary (1) two meetings may be convened by a single notice which may have as its title the content of the notice to be given but must however be worded so as to leave no doubt in the mind of the

recipient that the second meeting will be held for a notice to the effect that the second meeting will only take place contingently on the resolution being passed by the requisite majority at the first meeting, has been decided by the court to be insufficient notice of the second meeting and the resolution, although passed and confirmed, would be rendered void in consequence. Should the articles contain a clause giving specific permission for contingent notice of the kind mentioned then such notice will be good.

From the point of view of efficiency it is undoubtedly preferable to issue a separate notice for each meeting giving with the notice for the second meeting a short statement of the proceedings at the first so that shareholders who may have been absent may know how matters stand and thus be enabled the better to form an opinion as to whether or not their interests demand their presence at the confirmatory meeting.

The notice convening the first meeting should set out the terms of the proposed resolution and intimate that it will if passed with or without modification be submitted at a subsequent meeting of which due notice will be given for confirmation as a special resolution. The notice of the second meeting should give the exact wording of the resolution as passed and state the intention to submit it for confirmation as a special resolution.

Section 70 of the 1908 Act prescribes that a copy of every special and extraordinary resolution shall within fifteen days from the confirmation of the special resolution or from the passing of the extraordinary resolution as the case may be be printed and forwarded to the registrar of companies. Where articles have been registered, a copy of every special resolution for the time being in force shall be embodied in or annexed to every copy of the articles issued after the confirmation of the resolution and where articles have not been registered a copy of every special resolution shall be forwarded in print to any member at his request on payment of 1s. or such less sum as the company may direct. The Act imposes penalties on the company and its directors should default be made in complying with the provisions of the Section.

As already stated for the ordinary business of a company neither extraordinary nor special resolutions are necessary and in the vast majority of cases matters are following a normal course they are rarely referred to. To effect certain business however it is obligatory under the 1908 Act to proceed either by extraordinary or special resolution, and that notwithstanding anything in the articles to the contrary.

For the following a Special Resolution is required by the Act—

- 1 To change the name of the company (Sec. 8)
- 2 To alter the object clauses of the Memorandum of Association (Sec. 9)
- 3 To alter the Articles of Association (Sec. 13)
- 4 To diminish or multiply the share capital of the company (Sec. 41)
- 5 To issue shares of less than 10s. value (Sec. 41)
- 6 To reduce the capital (Sec. 42)
- 7 To give or assign a special dividend or interest in the event of a winding up (Sec. 43)
- 8 To extend the liability of the directors (Sec. 61)

9 To appoint inspectors to investigate the company's affairs (Sec 110)

10 To procure the company to be wound up by the court (Sec 129)

11 To wind up voluntarily a company which is solvent (Sec 182)

12 To sanction the sale of assets of a company proposed to be wound up voluntarily, or which is being wound up voluntarily, in consideration of shares in another company (Sec 192)

The following matters, all relating to voluntary winding-up, require an Extraordinary Resolution—

1 To wind up voluntarily an insolvent company (Sec 182)

2 To delegate the power of appointing liquidators to the company's creditors (Sec 190)

3 To sanction an arrangement between a company and its creditors (Sec 191)

4 To effect compromises with creditors, debtors, or contributories (Sec 214)

No resolution may be passed at the statutory meeting of a company unless notice thereof has been given to the members in accordance with the articles, although those present at the meeting are at liberty to discuss any matter relating to the formation of the company or arising out of the statutory report

No resolution may be passed at an extraordinary meeting, except such as relates to the special business for which the meeting has been convened

At company meetings it is usual for the various resolutions to be proposed by one director and seconded by another. Very frequently the chairman acts as proposer. It is, however, "unadvisable for directors to take an active part in the election of the auditors, and any proposition in this respect comes best from a private member of the company"

The meetings should be conducted, as far as practicable, in accordance with the rules governing public meetings generally, and it will be for the chairman to decide what resolutions he will allow to go before the meeting and those he will not, always bearing in mind the restricting effect of the convening notice. The chairman must, however, be cautious when rejecting a motion, since part or all of the business transacted at the meeting may be rendered void if a motion or amendment which ought to have been allowed is improperly rejected by the chairman

Company meetings, unlike many other descriptions of public meetings, are convened for the express purpose of transacting some specified business and of coming to a definite conclusion with regard thereto, further, such meetings are held in most cases so as to comply with the law, and the chairman will almost certainly be acting rightly in disallowing any motion of the kind known as "dilatory," e.g., "the previous question," which threatens to render the proceedings abortive

It is the chairman's duty to put resolutions to the meeting for voting purposes and to declare the result of the voting, and in this connection, Clause 69 (ss 3) provides that at any meeting at which an extraordinary resolution is submitted to be passed or a special resolution is submitted to be passed or confirmed, a declaration of the chairman that the resolution is carried shall, unless a poll is demanded, be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against the resolution, although if the chairman gives the figures for and against and it is apparent from such that the

resolution has *not* been carried, his declaration that it has will not be considered conclusive

There is no obligation, unless imposed by the company's articles, for either motions or amendments to be seconded at company meetings, indeed, it has been held that a resolution simply put to the meeting from the chair without being formally proposed will be valid if passed. It is, however, usual and desirable that the practice followed at public meetings generally should obtain, and that all motions at company meetings should be both proposed and seconded

**MOTOR CAR.**—All matters connected with the licensing of motor cars are noticed under the heading LICENCES

No person is permitted to drive a motor car upon a public highway unless he has obtained a licence from the council of a county or a county borough, and no owner may employ a servant to drive unless the servant is licensed. The licence is in addition to the annual licence required for keeping a man servant. The licence is not a certificate of proficiency or even capacity in any respect, as it is granted upon a simple application and upon the payment of five shillings to any person who asks for the same, provided only that he is over the age of seventeen. The age limit is fourteen in the case of motor cycles. The licence is to be renewed every twelve months. The possessor must exhibit it on demand being made by a police constable, under liability to a fine of £5 for refusal

There are numerous regulations under the Motor Car Act, 1903, for a contravention of which different penalties are prescribed. The principle of these relate to reckless driving, exceeding the speed limit, giving a false name and address, driving an unregistered car or one of which the identification mark is improperly fixed or obscured, failing to produce a licence, fraudulently tampering with the number of a car, and refusing to stop in case of accidents. If a person is convicted of any of the offences hereinbefore mentioned, the fact of such conviction may be ordered to be indorsed upon the licence, and this will have an effect upon the justices before whom any case relating to a subsequent offence is brought

The driver of a motor car must obey the rules of the road in the same way as any other rider or driver. He is also under the further obligation of stopping when called upon to do so by a person driving or having charge of a horse, or by a police constable in uniform. Again, if an accident happens to any person, whether riding or on foot, or to any horse or vehicle in charge of any person, owing to the presence of the motor car on the road, the driver of the car must stop, and, if required to do so, give his name and address, and also the name and the address of the owner, and the registration mark and number of the car. Any contravention of these rules and regulations renders the offender liable to heavy penalties

The first section of the Act of 1903 makes special provision as to reckless driving. "Any person who drives a car recklessly or negligently, or at a speed or in a manner which is dangerous to the public, having regard to all the circumstances of the case, including the nature, condition, and use of the highway, and to the amount of the traffic which actually is at the time or which might reasonably be expected to be on the highway" is guilty of an offence under the Act. A person who commits such an offence as before mentioned may be arrested by a police constable, without warrant, if he fails

Portsmouth  
 Preston  
 Reading  
 Rochdale  
 Rotherham  
 St Helens  
 Salford  
 Sheffield  
 Smethwick  
 Southampton  
 Southport  
 South Shields  
 Stockport

Portsmouth	B K	Stoke on Trent	E H
Preston	C K	Sun Ierland	B R
Reading	D P	Swansea	C Y
Rochdale	D K	Tynem uth	I T
Rotherham	E I	Walsall	D H
St Helens	D J	Warrington	E D
Salford	B A	West Br mvi h	E A
Sheffield	W	West Ham	A N
Southwick	H A	West Ha tkipool	L F
Southampt ton	C R	Wigan	E H
Southport	G Y	Wolverhampton	D A
South Shiel s	C U	Worc ster	I K
Stokeport	D B	York	D N

## County Council

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IRELAND

### County Councils

### Councils of County Ranges

Belfast	OI	Limerick	TI
Cork	PI	Londonderry	UI
Dublin	RI	Waterford	WI

Barrow in Lur	I O	Gateshead	C N
ness	I B	Gloucester	I H
Bath	C M	Great Yarmouth	E N
Birkenhead	C B	Grimsby	E E
Birmingham	I R	Hull	C P
Blackburn	I M	Hull	C P
Blackpool	I R	Huddersfield	C N
Bolton	I M	Ipswich	D N
Bootle	I M	Kingston upon	
Bournemouth	E L	Hull	
Bradford (3orks)	I K	Leeds	I U
Brighton	C D	Leicester	B C
Bristol	A E	Lincoln	F L
Burnley	C W	Liverpool	K
Burton-on Trent	I A	Manchester	N
Bury	E N	Merthyr Tydfil	H B
Canterbury	I N	Middlebrough	D C
Cardiff	B O	Newcastle upon	
Chester	I M	Tyne	B B
Coventry	D U	Newport (Mon)	D W
Croydon	B Y	Northampton	N H
Derby	C H	Norwich	C L
Devonport	D R	Nottingham	A U
Dudley	I D	Oldham	B U
Dunfermline	H C	Oxford	F C
Easter	F I	Ymouth	C O

metropolitan area outside the City of London was in the hands of numerous small bodies deriving their powers from some 250 local Acts as well as from general Acts. The districts for the most part were quite independent of each other, and no general system of administration was followed. In substitution for this state of chaos, thirty-nine local management areas (subsequently increased to forty-one) were created and definite duties given to the authorities governing them, the Metropolitan Board of Works being appointed the central authority to exercise jurisdiction over matters which concerned London as a whole. The composition of these bodies has been changed by subsequent legislation, amendments have been made to the Act, and some of its sections have been repealed or re-enacted by later statutes, but many of the original provisions are still carried out by the existing authorities.

**Public Health (London) Act, 1891.** This Act did in some measure for London what the sanitary provisions of the Public Health Act, 1875, did for the rest of England and Wales, by repealing, consolidating, and extending the previous enactments (numbering no less than thirty-five) relating to public health in the metropolis. Existing local bodies were created the sanitary authorities for the purposes of the Act, and various powers were given to the London County Council, including jurisdiction over the sanitary authorities in certain respects.

**London Building Act, 1894.** The complicated provisions of the various Building Acts previously in force were consolidated by this Act, which also conferred further powers concerning the width and direction of streets, the sound construction of buildings, and many other matters.

**London Government Act, 1899.** The forty-one local management areas (vestries and local boards) created by the Metropolis Management Acts were by this Act abolished, and local government was further simplified by the formation of twenty-eight metropolitan boroughs. Many important alterations were made in local administration, including the establishment of a reformed system of rating, and increased duties were placed upon the new authorities. The City of London, however, was left practically untouched.

The foregoing Acts of Parliament may be said to provide the framework of existing local government in England and Wales, but they by no means represent the extent of the powers which may be exercised by local authorities, there being many special enactments which these are called upon to enforce, or which they have powers to adopt. It would here be quite impossible to give a complete list of all these additional statutes, but the following are among those of the first importance, their titles giving some indication of the provisions they contain—

- Baths and Wash-houses Acts
- Burial Acts
- Canal Boats Acts
- Contagious Diseases (Animals) Acts
- Education Acts
- Electric Lighting Acts
- Factory and Workshop Acts
- Housing of the Working Classes Acts, and
- Housing, Town Planning, etc., Act.
- Highways Acts
- Infant Life Protection Act.

- Infectious Disease (Notification) Act.
- Infectious Disease (Prevention) Act
- Lunacy Acts
- Museums and Gymnasiums Act
- Notification of Births Act.
- Petroleum Acts
- Public Libraries Acts
- Rivers Pollution Prevention Act
- Sale of Food and Drugs Acts.
- Small Holdings Acts
- Wild Birds Protection Acts
- Weights and Measures Acts

**MUNICIPAL TRADING.**—Under municipal trading it would be well to include only such activities of local authorities as enter into competition with industrial enterprise, such, that is, as are "for profit and not for use." Such duties as the cleansing and lighting of the streets it could not be to the profit of any individual or small number of individuals to undertake at their own expense, and these belong, therefore, not to the optional, but to the necessary functions of government. But it is not imperative—and many maintain it is inadvisable—to provide a municipal race-course as at Doncaster, municipal music-halls, theatres, golf-links, swimming-baths, wash houses, or milk for babies. And now that demands for further extension of local activities are rife, one anxiously inquires whether there is any principle decisive as to the expediency or otherwise of the assumption of new duties by already overburdened bodies.

At first sight, it certainly seems that duties which private agency performs even tolerably well should be left to that agency: the chances of collision between the private citizen and the agents of government are quite enough as things are. Increase the chances of collision and you widen rather than narrow the breach between the governing powers and the governed, and the ideal state is that in which all the actions of the government have the hearty support of the community.

It must at once be admitted that certain businesses of great public service—such as the provision of pure water for a modern city, with its packed populace—can be with advantage conducted only on so large a scale that "liberty of competition" is an empty phrase. With or without a charter, a monopoly is sure to be established, with its concomitant power of taxing the community. Now, if there is a first principle in taxation, it is that the State alone should call for compulsory payments, but where monopolists may fix their prices at pleasure, we are subjected to other than State exactions, local or imperial. A necessity of life, such as water, and in our dismal climate we may add light, is paid for at the rate demanded, and usually with at least as little demur as at the income tax. The Londoner does not regard his water rate as at all distinct in nature from his poor rate. Nor is the argument in favour of private enterprise tenable—that its managers have a keener interest in their undertakings than public officials can possibly have. With our system of production on a large scale, the conduct of great operations by hired managers under the control of directors selected from among the shareholders, is the common fact nowadays, and the interests of the directors as shareholders, will probably be quite equalled by the interest of the local councillors as ratepayers. The interest of the actual undertakers in the success of their undertaking may thus

be slight when compared with the size of the undertaking and this is just as true of large companies as it is of municipal undertakings.

Where delegated agency is practically unavoidable it is apparent there is no valid reason why a local council may not obtain the most efficient managers and being willing to follow the advice of their official without too much captious criticism perform the work just as well as a private company. Besides though there is no such special prestige attaching to Government servants as exists in France or Germany yet public appointments have a peculiar attraction for many men so that the council is at an advantage when bidding for expert managers. To the good of municipal management we may also add the fact that the councillors are not wholly absorbed in a chase after gain public service not high profit is the prime motive. The larger outlook the greater public utility the wish to promote public well being which the most self-seeking councillor quickly acquires act not simply as greater but as higher incentives to insure the best management.

From the nature of things however from the enforced routine and natural disinclination to allow the official a free hand some of the main factors of industrial success must be wanting in municipal work. The official hampered by having to work under a committee—sometimes indeed under more than one—can hardly use to the utmost the qualities which make a private enterprise prosper. His ingenuity and speed in planning his power of rapid action in unforeseen emergencies his skill in getting willing and effective work out of his men find small scope. However eager and anxious for work at his first appointment he speedily succumbs to the disease of official life. The forms of things begin to be worshipped rather than the essence of them. He begins to forget that he is appointed for the public good and he quickly imbibes the idea that the public is created to give him a job not that his job was devised for some public service. The office is the important thing the great public outside is merely the *corpus vile* on which he is to exercise his administrative skill.

When weighing the merits against the demerits of State action whether central or local the commercial test is of course not conclusive. With no pecuniary returns whatever outlays by the public often amply repay themselves though indirectly and the community unlike the private firm can dispense with profits in the service of the people. That it may do things for itself without looking for payment, just as many a woman makes her own dress or trims her own hat. The benefit to the public cannot be reckoned in money any more than the wisdom of advances for a national system of education can be ascertained from a comparison of the fees received and the expenses incurred. The saving on prisons and workhouses the increased worth of the finished man line as a wealth producer—taking the child in the lowest aspect—and a host of other things must find place in our accounts before a balance can be struck. Where the social benefit is great profits may be disregarded and a wise council will encourage the greatest use of water light transport facilities—all bearing directly on the health of the people—by making the payments no prices but only fees covering cost or even below cost. The limits of this civic housekeeping however provide much

matter for debate. If sterilised milk is distributed why not bread? If guards are provided to keep the child from fire why not clothes to defend it from cold?

Municipal trading is accordingly not a quite fitting name since the primary object is not to dividend for the shareholders but duty towards the ratepayers. A trading concern—a railway company for instance—can find no consolation for lack of profits in the thought galling rather than soothing that the social benefits it confers greatly surpass its outlay. The eagerness with which shrewd councils invite the capitalist to settle in their districts shows that the fact is well enough grasped that as a rule the community reaps largely where the capitalist sows and even in cases where the capitalist himself gathers only scanty harvests. Sometimes we hasten to add the case is reversed the capitalist gets the gains the community bears the losses. The brewer for instance confers some service on the community he provides something for which there is a demand but he is not debited with the losses which his calling brings about. He pays no more than another to the hospitals work houses prisons and asylums he gains the profits the community bears the losses. If we may use the language of economics the utility conferred by him is recompensed in full the disutility falls on others shoulders.

The term municipal socialism is also seldom applicable. The undertakings are usually the result not of any definite aim to obtain the control over the instruments of wealth production but of (1) a wise wish to preserve to the council the rule over streets and dwellings (2) the desire to raise funds otherwise than from rates to carry out the multiplied duties which enlightened public spirit calls for. The Council of a great city said Mr Chamberlain when as Mayor of Birmingham he advocated the purchase of the gasworks by the Corporation possesses a considerable amount of business ability and commercial experience and its members are animated by perfect disinterestedness in their service to the town. I hold distinctly that all monopolies which are sustained in any way by the State ought to be in the hands of the representatives of the people by whom they should be administered and to whom the profits should go. At present we have an adequate means for discharging all the obligations and responsibilities devolved upon us and I believe that the pressure of the rates will become intolerable unless such compensation can be found in such a proposal as that before us. The purchase will help to relieve the ratepayers of burdens which are every day becoming more oppressive. No unconscious lopsion of the tenets of the Socialists no permeating of the public with their doctrines has led to the late enormous extensions of municipal action but a very intelligible desire to realise for the public the profits of a monopoly. The modern community has so many duties to perform which necessitate constant outlay that if there were no alleviation the burden of the rates would soon be well nigh intolerable.

An argument in favour of municipal action is that a municipality can always undersell a private company because it has an unlimited supply of cheap capital. The borough treasurer has only to hold up his finger and he gets as much money as he wants at less than 4 per cent while the private capitalist has to pay eight



This is hardly correct. the market is at present overstocked with municipal securities, and a loan could not be floated on favourable terms. Some corporations have even begun to compete with banks for deposits, owing to the difficulty of raising money otherwise, and it would prove absolutely nothing as to the expediency of municipal action that people were willing to lend, not in reliance on the success of the undertaking, but "on the security of the rates." In using the argument, indeed, the advocates of municipal trading deliver themselves over bound to their opponents. The stock contention of the latter is that losses in one direction would be met by payments from other resources at the disposal of the community, but processes similar to the raising of fresh loans on mortgage cannot continue indefinitely. Added patronage in the council's possession in the making of appointments and the giving out of contracts is dearly purchased by the discredit of the town. There will, then, be no refuge from the necessity of higher rates. And the "shopkeeper who in his corporate capacity as a citizen constituent of the local governing body," could raise municipal capital at 4 per cent, will not bless, but curse, when he has to borrow on his personal credit at 8 per cent to pay his rates.

The danger of corruption from the entrance of the public authorities into industrial life appears to be over-rated, though it certainly is not absent. "If a dominant proportion of the voters in each constituency are in the pay of the State or the municipality, it is idle to suppose that the relations between the representative and his electors can long be kept distinct from the relations between the employer and the employed. The temptation of the representatives to use public money and public works as a means of electioneering, and the temptation of the electors to use their political power as a means of obtaining trade advantages for themselves will soon become irresistible, and the floodgates of corruption will be opened." But the danger is slight where the community is active and inquiring, and the Press is unfettered and uncorrupt. And in the case of municipal undertakings success or failure is more easily estimated than in the case of national affairs, and responsibility for success or failure can usually be fixed pretty accurately.

**MUNIMENTS.**—The word is derived from the Latin, *munio*, I fortify. These are the documents by which a person holds or maintains his rights and claims.

**MUNTZ METAL.**—A sort of brass consisting of copper and zinc, and used as a cheap and serviceable substitute for the former metal for sheathing ships' bottoms. It is chiefly manufactured in England.

**MUSCATELS.**—The name given to certain rich sweet wines of France and Italy, and also to the grapes from which they are made. The Lacrymæ Christi of Naples is the most celebrated Italian wine of this class. The dried grapes are exported and used as dessert, usually together with almond nuts. The name is variously spelt muscadel, muscadine, and muscatel.

**MUSHROOMS.**—Edible fungi, valuable as a table delicacy. They grow best at a uniform temperature of 50° Fahr.

**MUSK.**—A secretion contained in a small gland of the male musk deer, which is found in the mountainous regions of East and Central Asia.

The musk pouch is cut from the animal immediately after it is killed. The odoriferous substance itself is of great value to perfumers. Great Britain's supplies come from India and China. An artificial product is prepared from coal tar in Germany. The musk-ox, musk-rat, and the civet also possess musk glands, and a plant with a similar odour is the *Mimulus moschatus*, commonly called musk.

**MUSLIN.**—A fine, open, cotton fabric, of which the best varieties are still produced in India, Dacca, Madras, Jaipur, and Haidarabad, being the chief centres of the industry. It has been made in Europe since the end of the eighteenth century, and Manchester is now the most important seat of the manufacture, which is also carried on at St. Quentin, in France. The fabric was first produced at Mosul, in Mesopotamia, and owes its name to this fact.

**MUSQUASH.**—Also called musk-rat. It is an aquatic rodent of North America, with black or brown fur similar to that of the beaver. The skins are exported to England and other countries for use as stoles, muffs, capes, coats, etc.

**MUSSELS.**—Edible shell-fish found in abundance off the coasts of Great Britain, France, and Holland, chiefly in the mouths of rivers. The last-named is the principal exporting country. Care must be taken in eating mussels, as they frequently contain impurities of the same nature as those to which oysters are subject. In addition to their use as a food, they are frequently employed as a bait and as a manure. The fresh-water variety occasionally contains pearls.

**MUSTARD.**—The well-known condiment obtained from the seeds of the *Sinapis alba* or white mustard, and *Sinapis nigra*, or black mustard. The former is most used in England, and is partly grown in the Eastern Counties and partly imported from India. Black mustard is more pungent, and is preferred on the Continent. Mustard owes its pungent properties to the presence of an acrid volatile oil.

**MUSTER.**—The sample, or collection of samples taken from the bulk of any merchandize which serves as a specimen of the whole. Hence we get the phrase, "to pass muster," which signifies that the bulk is equal in all respects to sample, *i.e.*, that it will pass inspection.

**MUSTER ROLL.**—The book kept on board ship, in which are entered the names, ages, qualities, professions, places of residence and birth of all persons who are on board.

**MUTILATED BILL OR CHEQUE.**—Sometimes a bill, like a bank note, is cut into two parts for the purpose of transmission by post, to avoid loss. There is no difficulty in piecing together the parts of a bank note and in ascertaining that they were originally one. But if a bill has been cut in two, no banker would pay the same unless he was notified that there was good reason for the division. If the bill has been cut or torn with the apparent object of cancelling it, the banker should, unless it is guaranteed by another banker, obtain the confirmation of the acceptor.

If a cheque is presented for payment which has been torn to such an extent as to suggest that it has been so torn with the object of cancelling it, the banker may be liable if he pays it and it is subsequently found that the drawer had torn up the cheque purposely. It is the custom for a banker to return such a cheque (unless confirmed by the drawer) marked "cheque mutilated," or "cheque torn", but if a note is written upon the cheque,

by the collecting banker that the cheque was accidentally torn by him or that he guarantees it the paying banker usually accept such an explanation or guarantee as sufficient. It is not the practice to accept such an explanation if it is made by the payee or the holder.

**MUTUAL CREDIT AND SET OFF**—A person who has dealings with a man who becomes bankrupt may find that when the bankruptcy supervenes his position is somewhat better than that of an ordinary creditor. Suppose for instance a butcher owes a builder £100 for work done and the builder owes the butcher £150 for meat supplied. If the builder becomes bankrupt the butcher could prove for £50. He would not have to pay the builder's trustee £100 and then be left to take his chance of a dividend on his £150 which might be only 1s in the £. This result is effected by what is known as the doctrine of mutual credit and set off. Thus it is provided that where there have been mutual credits mutual debts or other mutual dealings between a debtor against whom a receiving order is made and any other person proving or claiming to prove a debt under such receiving order an account is taken of what is due from the one party to the other in respect of such mutual dealings and the sum due from the one party must be set off against any sum due from the other party and the balance of the account and no more can be claimed or paid on either side respectively. A person cannot however under this Section claim the benefit of any set off against the property of a debtor in any case where he had at the time of giving credit to the debtor notice of an act of bankruptcy committed by the debtor.

It will be noticed that the term mutual credit is used. This extends the right of set-off to cases where the party receiving credit is not debtor but presents to him who gives the credit. For example in the case above mentioned the butcher would be entitled to his set-off although the £100 was not due at the date of the bankruptcy. The right to set off only arises where the claims can be reduced to money payment. A money payment cannot be set off against goods. The principle applies however to all demands provable in bankruptcy and it therefore includes claims for damages liquidated

or unliquidated provided they arise out of contract. For instance if the bankrupt owed a sum of money in respect of goods supplied and there was a claim for damages there might be a set-off. The debts etc. must exist between the same parties and must be due in the same right. Thus a debt to a firm could not be set off against a debt from a single member of the firm. Nor could a debt due from a man be set off against a debt due to him as executor or trustee. It will be seen that having regard to what is stated above mutual credit or set-off may confer upon a man many of the advantages enjoyed by a secured creditor.

**MUTUAL LIFE INSURANCE COMPANY**—This is the name which is commonly applied to a life insurance company in which there are no share holders but in which the profits belong to and are divided amongst the insured either by means of cash payments or by a reduction of the premiums payable or by periodical additions to the amounts of the policies.

**MYALL WOOD**—The hard fragrant wood of various Australian acacias used in the manufacture of tobacco pipes and whup handles. Unfortunately the fragrance is lost during the process.

**MYRIAGRAMME**—This is a metric measure of weight consisting of 10 000 grammes and equal to 22 046 lbs avoirdupois or 321½ ounces troy.

**MYRIAMETRE**—This is a metric measure of length equal to about 6½ miles or more correctly to 6 214 miles.

**MYROBALAN**—The fruit of an Indian plant from which a useful hair oil is obtained. The ground nut sometimes known as Bodda nut (*qv*) is used in tanning and also by calico printers for obtaining a permanent black dye.

**MYRRH**—The resinous exudation consisting of gum, resin and an essential oil which is obtained from the aromatic bark of an Arabian plant the *Balsamodendron myrrha*. It has a bitter taste and an odour like balsam. It is used as a tonic in medicine as a constituent of tooth powders and as incense.

**MYRTLE WAX**—(See CANDLEBERRY)

**MYSTION**—(See FOREIGN WEIGHTS AND MEASURES—GREEK)

[NAI]

N

[NAM

N.—This letter is used in the following abbreviations—

NA,	New Account
N/A,	No Advice, No Account
N/A,	Non-acceptance
NB,	Take notice, (Latin, <i>nota bene</i> )
N/E,	No Effects
N/F,	No Funds
N/N,	Not to be Noted
N/O,	No Orders
No,	Number
NP,	Notary Public
NPF,	Not Provided For
NS,	New Style
N/S,	Not Sufficient
NSF,	Not Sufficient Funds

**NAILS.**—Spikes of iron or other metal, varying in size and shape according to the purpose for which they are required. Among the smallest are the so-called needle points made of steel, used by joiners to fasten mouldings. French nails have large brass heads. They are particularly strong, and may be obtained in various sizes, e.g., 2 in, 2½ in, 3 in, etc. Clout nails are made of copper or some alloy, and are employed in roofing. Since the beginning of the nineteenth century nails have been manufactured almost entirely by machinery, the United States having given the lead in this respect. Birmingham and Dudley are the chief centres of the trade in England.

**NAKED DEBENTURE.**—This is the name given to a debenture which is not secured by any mortgage or charge upon the property of a company, but is a mere acknowledgment of a debt.

**NAME, CHANGE OF.**—(See CHANGE OF NAME.)

**NAME DAY.**—The second day of the settlement on the Stock Exchange. It is also known as Ticket Day. A settlement consists of three days; for mining securities, four days. (See SETTLING DAYS.)

**NAME OF COMPANY.**—The following are the statutory requirements as to the name of a company set out in the Companies (Consolidation) Act, 1908—

"Section 8 (1) A company may not be registered by a name identical with that by which a company in existence is already registered, or so nearly resembling that name as to be calculated to deceive, except where the company in existence is in the course of being dissolved and signifies its consent in such manner as the registrar requires.

"(2) If a company, through inadvertence or otherwise, is, without such consent as aforesaid, registered by a name identical with that by which a company in existence is previously registered, or so nearly resembling it as to be calculated to deceive, the first-mentioned company may, with the sanction of the registrar, change its name.

"(3) Any company may, by special resolution and with the approval of the Board of Trade signified in writing, change its name.

"(4) Where a company changes its name, the registrar shall enter the new name on the register in place of the former name, and shall issue a certificate of incorporation altered to meet the circumstances of the case.

"(5) The change of name shall not affect any rights or obligations of the company, or render defective any legal proceedings by or against the company, and any legal proceedings that might have been continued or commenced against it by its former name may be continued or commenced against it by its new name.

"Section 63 (1) Every limited company—

"(a) shall paint or affix, and keep painted or affixed, its name on the outside of every office or place in which its business is carried on, in a conspicuous position, in letters easily legible.

"(b) shall have its name engraven in legible characters on its seal.

"(c) shall have its name mentioned in legible characters in all notices, advertisements, and other official publications of the company, and in all bills of exchange, promissory notes, indorsements, cheques, and orders for money or goods purporting to be signed by or on behalf of the company, and in all bills of parcels, invoices, receipts, and letters of credit of the company.

"(2) If a limited company does not paint or affix, and keep painted or affixed, its name in manner directed by this Act, it shall be liable to a fine not exceeding five pounds for not so painting or affixing its name, and for every day during which its name is not so kept painted or affixed, and every director and manager of the company who knowingly and wilfully authorises or permits the default shall be liable to the like penalty.

"(3) If any director, manager, or officer of a limited company, or any person on its behalf, uses or authorises the use of any seal purporting to be a seal of the company wherein its name is not so engraven as aforesaid, or issues or authorises the issue of any notice, advertisement, or other official publication of the company, or signs or authorises to be signed on behalf of the company any bill of exchange, promissory note, indorsement, cheque, order for money or goods, or issues or authorises to be issued any bill of parcels, invoice, receipt, or letter of credit of the company, wherein its name is not mentioned in manner aforesaid, he shall be liable to a fine not exceeding fifty pounds, and shall further be personally liable to the holder of any such bill of exchange, promissory note, cheque, or order for money or goods, for the amount thereof, unless the same is duly paid by the company."

"Limited" must be the last word in a limited company's name. Any persons using the word "limited," unless duly incorporated with limited liability, are liable to a fine not exceeding £5 a day.

The omission of the word limited as in an acceptance may render the directors personally liable. Contractions of the word should not be used officially.

Companies or associations which do not exist for profit may be licensed by the Board of Trade as limited companies without the addition of limited to the name.

**NANKEN**.—A fabric made of white calico dyed buff colour by means of a tanning solution. It owes its name to the town of Nankin in China where it was originally made. The manufacture is now carried on in Europe.

**NAPHTHA**.—The inflammable distillates of crude mineral oils, coal tar, indiarubber, bones, wood, peat, etc. The forms of naphtha vary greatly in composition. That obtained from coal tar consists chiefly of benzene and toluene, while methyl alcohol and acetone are the principal constituents of good naphtha. All the different forms are both volatile and inflammable to a very high degree. Their uses are various, but they are chiefly important as solvents for fats, gums, etc.

**NAPLES YELLOW**.—A valuable pigment which forms a good substitute for chrome yellow. It consists of nitrate of lead, tartar emetic, and salt, and was first prepared in Italy. It is much used in the arts both for oil and for enamel painting, and is also employed in staining glass and china.

**NAPOLÉON**.—This coin, which is still in circulation though no longer issued, is a French gold one of twenty francs. Its weight is 6.45161 grammes and its value compared with English coinage is £79.66 or about 15s. 10½d.

**NATAL**.—Position, Area and Population. Natal with Zululand and Tongaland extends along the coast of South East Africa from the Colony of the Cape of Good Hope on the south to Portuguese East Africa on the north. Inland it is separated from Basutoland and the Orange Free State by the ridge of the Drakenberg and from the Transvaal since 1900 by the Pongola river. The total area is estimated at 35,371 square miles. The population of about 1,200,000 consists mainly of blacks, only about 92,000 being whites, while 117,000 are East Indians. Although the total population has increased since 1904, the number of whites has decreased by several thousands.

**Build, Climate and Vegetation**. Except on the low coast plains the country is hilly or mountainous, rising generally inland to the Drakenberg. The chief rivers—Umkomkulu, Umkomani, and Tugela—flow so that east at right angles to the coast.

Owing possibly to the influence of the Mozambique Current, the climate is rather warmer than might be expected from the latitude. The coast lands are hot enough for the growth of the sugar cane, bananas, cotton, arrowroot, and other tropical and sub-tropical plants. Tea is grown on the hill slopes of 5,000 acres giving an average annual yield of 2,600,000 lbs. The area under sugar is over 40,000 acres and the average annual yield 918,000 cwt. Inland the increase in height gives a corresponding decrease in temperature, until on the borders severe winters are experienced.

The south-east trade winds bring plenty of moisture to the colony, which is the most favoured part of the Union of South Africa in this respect. While the coast is very dry, the interior is warm enough to be healthy for Europeans. Maize is being grown in increasing quantities for export, as is also tobacco. Oranges and in the cooler part

apples are similarly grown. The area under tobacco is about 4,500 acres and the average annual output 2,315,000 lbs. The pasture of the uplands supports large numbers of sheep. With irrigation as a precaution against drought, many of the inland valleys where sheltered position keeps off the full effect of the rain-bearing winds could support considerable agricultural populations.

**Mineral Resources**. While the mineral resources of the country are varied and rich, the principal output is coal, of which 1,700,000 tons annually are produced. The chief coal area is in the north in the valley of the Klip river between Newcastle and Elandsbaagte, where Newcastle and Dundee are the most important centres, and with the extension of transport facilities it is hoped that the Vryheid and Utrecht districts will develop also. From Dundee and Newcastle, despite the heavy gradients and the distance from the sea over 200 miles, a large proportion of the amount raised is sent to the coast for supplying ships. The bulk of the output, however, is exported or sent overland into the neighbouring states, only one fourth being used at home. Iron ore is abundant in the neighbourhood of the coal fields. Gold is also plentiful both in quartz and in blanket, but little is yet produced. Copper is mined at Norwood. Other minerals that are found but not yet worked to any extent are silver lead ore, manganese ore, nickel ore, tin ore, molybdenum ore, phosphates of shale, limestone, and marble, asbestos, mica, graphite, and nitre.

**Industries**. The manufactures are of little importance, though experiments are being made in the manufacture of starch from the sweet potato and sugar from beet. Large quantities of wattle bark are stripped and exported as a tanning material. At Durban is the headquarters of the whaling industry.

**Government**.—Natal became a separate colony in 1845, having previously formed a part of Cape Colony. In 1893 it obtained full powers of self-government, and in 1909 entered the Union of South Africa as one of the original states. It has a provincial government of two houses for local affairs, and sends seventeen members to the lower house and eight to the upper house of the Union Parliament.

**Roads and Towns**. There are only two towns of size in Natal—Durban, the port, and Pietermaritzburg, the capital.

*Durban* or *Port Natal* has a population (1911) of 69,000 (whom less than half are Europeans). It lies at the mouth of the harbour, has now been dredged so as to give a minimum depth of 31 ft.

*Port Natal* or *Port Natal* is a bay with a population of 29,000, of whom less than half are Europeans. It lies at the head of 2,700 ft. and 10 miles inland from Durban. Despite its altitude, however, the climate, especially in summer, is oppressively warm.

There are in Natal nearly 1,000 miles of railway, the whole of which, with the exception of a few miles in plantations, is owned by the State. The standard gauge is 3 ft. 6 in. There are about 30 miles of 2 ft. gauge between Port Natal and Pietermaritzburg. The chief centres are Pietermaritzburg and Lady Smith. There is a line roughly parallel to and in places almost on the coast from Pietermaritzburg south to St. Lucia Bay in the north, passing through Durban. The line running north-westward from Pietermaritzburg will eventually connect with the Cape of Good Hope system. From Pietermaritzburg

runs inland through Maritzburg to Ladysmith. From here one branch goes westward through Van Reenen's Pass into the Orange Free State, while another passes through Glencoe, Newcastle, and Laing's Nek to the Transvaal.

**Commerce.** The principal imports are haberdashery, machinery, cotton and woollen fabrics, clothing, grain, iron and steel goods, and wines and spirits. The principal exports are gold, coal, wool, hides and skins, bark, and hair (Mohair and Angora). Coal is the most important native product, nearly the whole of the gold being in transit from the Transvaal. Much of the wool, too, is from across the border.

More than half the trade, both import and export, is with the United Kingdom, which sends to Natal chiefly haberdashery, etc., cottons, iron, and machinery. Of foreign countries, most trade is with the United States and Germany, the latter taking a considerable portion of the exports. The following table shows how the trade of the country is largely conditioned by its position between the Transvaal and the nearest ocean—

#### Exports—

	By Sea
United Kingdom	1,739,000
Other Countries	1,415,000
Total	£3,154,000

	Overland
Transvaal	5,302,000
Cape of Good Hope	719,000
Orange Free State	707,000
Rhodesia, etc	50,000
Total	£6,778,000

#### Imports—

	By Sea.
United Kingdom	4,309,000
British Possessions	1,509,000
Other Countries	2,081,000
Total	£7,899,000

	Overland.
Transvaal—	
Goods	359,000
Bullion	1,169,000
Cape of Good Hope	423,000
Orange Free State	369,000
Rhodesia, etc	18,000
Total	£2,338,000

Mails are despatched to Natal every Saturday afternoon. Durban is 6,800 miles from London, and the time of transit is about twenty-one days. For map, see *CARL COLONY*, page 280.

**NATIONAL DEBT.**—This signifies the entire debt of the nation, i.e., money borrowed at various times by the Government for national purposes. The Government does not undertake to repay the capital borrowed, but guarantees the payment of a fixed rate of interest or grants annuities, either for a term of years or for life. In times of peace the

debt is reduced by varying amounts according to the condition of national finance.

The English National Debt dates from 1688, when money was required by the Government for the wars of William III. Once the practice of borrowing established, loans of various kinds were raised, and these loans were secured by devoting a certain portion of the revenue towards the payment of the interest granted. A wasteful mode of borrowing and a curious ignorance of finance caused the debt to mount at a great rate, and varying rates of interest caused great trouble to successive Chancellors of the Exchequer. Eventually the various debts were consolidated, and instead of different rates of interest being payable, a uniform rate of 3 per cent was allowed after the conversion had been effected. In 1888 a further conversion took place, and the rate of interest was reduced first to 2½ per cent and afterwards, in 1903, to 2¼ per cent, at which it now stands.

It is useless to give figures in detail relating to the National Debt, as they vary from year to year, and since 1903 large amounts have been paid off annually. Suffice it to say that in 1697 the National Debt was about £21,250,000, in 1815 it had reached £876,000,000, and in 1899 it had been reduced to £635,000,000, the lowest figure since 1815. The Boer War was responsible for an addition of £162,000,000, and now the total is a little over £700,000,000. If nothing untoward happens the total will be greatly reduced in the near future. (See the diagram facing page 398.)

The Bank of England manages the National Debt as the agent of the Government, and the various stocks are transferable in the books of the Bank. (See *BANK OF ENGLAND*.) A person who wishes to invest in consols (*qv*) instructs his bank or his stockbroker to carry through the transaction for him. But when the stockholder wishes to transfer his stock, i.e., when he wishes to realise a portion or the whole of his holding, he must attend at the Bank personally to sign the transfer in the books of the Bank, and he must be identified by a recognised stockbroker. If, however, the stockholder cannot attend, the transfer may be effected by his attorney lawfully authorised in writing under his hand and seal, and attested by two or more credible witnesses. A holder's title is the entry in the Bank books, and a transferee may, if he wishes, verify the entry in the books and sign the books as an acceptance thereof. No certificate is issued. A purchaser receives merely a receipt signed by the seller or his attorney. Stockholders can accept by themselves, or their attorneys, all transfers made to them, and should it be inconvenient to stockholders to attend at the Bank to accept stock, they can obtain a confirmation of the fact of the inscription of the stock by forwarding the stock receipt, with a request for confirmation and a postal order for 1s to the Chief Accountant, Bank of England.

Under the National Debt Act, 1870, Section 28, holders of stock in the public funds may convert their holding into certificates to bearer with coupons attached for the payment of the dividends. But trustees are not authorised to hold these certificates to bearer unless they have permission by the terms of the trust. The charge for the issue of such certificates is 2s per cent and for re-inscription 1s per certificate. The certificates are issued to "bearer," but a holder can insert a name and so make the "certificate" nominal, in which case

it cannot be re inscribed in any name other than  
that so inserted unless duly indorsed in the presence  
of two witnesses

No trust of any kind will be recognized by the Bank and when stock is registered in more than one name and a death occurs among the stockholders it is with the surviving holder or holders that the Bank will deal and with no one else.

Again in no single account will the Bank allow more than four names to be registered. This does not prevent a holder having separate accounts provided the same are properly distinguished in some fashion allowed by the Bank. But even then there is a limit. More than four accounts in the same name are not permitted.

When a sole stockholder dies the stock is transferable by his executors or administrators not withstanding any specific bequest of the same no transfer can take place until the probate of the will or letters of administration have been left at the Bank for registration

By the National Debt Act 1970 Section 71 no stamp duty is payable in respect of any dividend warrant transfer of stock and stock certificate or coupon.

The interest payable quarterly is sent through the port to the stockholder unless it is desired that there shall be some other method of collection. It is a common practice to give instructions to a banker to collect and the banker will lodge the necessary notice to this effect with the Bank of England.

**NATIONAL INSURANCE.**—A scheme of national insurance has long been advocated by the more advanced section of social reformers in this country and the success of a similar scheme in Germany has been pointed to as in heating the advantages which would accrue to the working classes of the United Kingdom if they were also insured. With this object in view the National Insurance Act of 1911 was passed and the Act came into force in July 1912. Owing to many reasons it is likely that this legislative measure will be changed in many respects in the immediate future and it is impossible on account of its controversial character to do more than make this short reference to it. Cheap pamphlets will give its main provisions as it passes through its various stages.

**NATIONALITY BRITISH.**—By nationality is meant the status of a person as far as his political position is concerned. Every person must possess some nationality or be a member of some nation; just as every person must possess a domicile (*q.v.*) and to that country he owes allegiance. Every country has its own laws as to nationality and the law of England is shortly as follows. By the common law a person born in the dominions of the Sovereign of Great Britain is a natural born British subject as distinguished from a person born outside those dominions who is an alien. He attains a person's nationality by birth, i.e., he is a citizen or he may have been made one by naturalization. But there are various circumstances by which a person loses his nationality under the law statutes thus the effect of marriage with a foreigner results in loss of British citizenship remaining the same as before and that all such persons are natural born subjects.

(1) I've been alone in your father's era or giant fathers were natural? I see that subjects are there. I've been alone in your father's era or giant fathers were natural? I see that subjects are there. I've been alone in your father's era or giant fathers were natural? I see that subjects are there.

obligations political and other of a natural born British subject. (3) The infant child of a father or widowed mother who takes out a certificate of naturalisation and who becomes resident in the United Kingdom with his father or mother becomes a naturalised British subject. A child of full age does not. (4) A foreigner born in the United Kingdom may make a declaration divesting himself of the British nationality which he has acquired by birth. And in the same way a natural born British subject born abroad may similarly divest himself of his British nationality and become a naturalised citizen of a foreign state. This last exception is of importance. It is true that there must be a conflict between the laws of various countries as to nationality, which if resolved to the utmost would lead to international difficulties. Thus a person might easily be claimed as a citizen by two countries. To avoid this the English law allows a person who is legally a natural born British subject although born abroad provided his father or his grandfather was a natural born British subject to divest himself of his British nationality if he desires to do so. Moreover if a person is of British nationality as defined by English law although born abroad and enters to reside abroad his British nationality will entitle him of any assistance to him in case of international difficulties if he is also claimed by the law of the country in which he resides as a natural born citizen of that country.

**SODIUM**—Native sodium carbonate collected from the lakes of Egypt and from the Caspian Sea. Virginia and Venezuela also export this substance. The supplies that come from Egypt are also known as trona.

**NATURALISATION**—Thus signifies the act of casting away the allegiance which a person naturally owes to the Sovereign or the head of the State of one country and becoming the subject of another country. Thus if a German leaves his native land and settles in England he may by taking the steps indicated below throw off his former nationality and become an English citizen. This is attained by taking out letters of naturalisation.

Each country has its own laws and regulations as to naturalisation. And there is always the chance of grave difficulties arising owing to the fact that the laws respecting naturalisation are so variable. At one time it was an almost universal maxim that no man could divest himself of his nationality—*nemo patriam exere potest*—and that is still the law in some countries. If this maxim is an accepted rule that a country in which an alien has become naturalised cannot be expected to extend the same protection to a naturalised citizen in all cases as it would do to a native citizen. Thus if an alien becomes naturalised in England and by becoming naturalised is subject contrary to the laws of his original country to proceedings taken against him if he returns to his native land if it is clear that he is originally naturalised he has contravened the law of his country. Difficulties of this kind are best overcome by means of international arrangements. The chief of them in the past have been connected with the duties of military service and the rights of conscription.

but in naturalization is inter-  
national it is now regulated  
entirely by the Naturalization Act 1870. And

alien who has resided within the United Kingdom for five years, or who has served under the Crown anywhere for a similar period, may apply to the Home Secretary—and application cannot be made elsewhere—for letters of naturalisation. He must furnish evidence of his intention, when naturalised, either of residing in the United Kingdom, or of serving as before under the Crown. The letters of naturalisation are supposed to be granted only after a careful inquiry has been made into the character of the applicant. The grant is quite discretionary, and if the Home Secretary refuses to accede to the request, there is no appeal against his decision.

The privileges accorded to naturalised British subjects are set forth in the Act of 1870 as follows:—“An alien to whom a certificate of naturalisation is granted shall in the United Kingdom be entitled to all political and other rights, powers, and privileges, and be subject to all obligations, to which a natural-born British subject is entitled or subject to in the United Kingdom, with this qualification, that he shall not when within the limits of the foreign state of which he was a subject previously to obtaining his certificate of naturalisation, be deemed a British subject unless he has ceased to be a subject of that state in pursuance of the laws thereof, or in pursuance of a treaty to that effect.”

If a natural-born British subject becomes naturalised in a foreign country, he can only regain his British nationality by fulfilling the same conditions as are applicable to aliens generally.

The fees payable on taking out letters of naturalisation, exclusive of any costs incurred through employing a solicitor, are £6, 1s., £5 on the grant of the certificate of naturalisation and £1 for stamp duties.

The British Dominions beyond the seas are entitled to legislate as to naturalisation within their own limits.

The following enactments are contained in the Act as to the status of married women and children—

“(1) A married woman shall be deemed to be a subject of the State of which her husband is for the time being subject.

“(2) A widow being a natural-born British subject, who has become an alien by or in consequence of her marriage, shall be deemed to be a statutory alien, and may as such at any time during widowhood obtain a certificate of re-admission to British nationality in manner provided by this Act.

“(3) Where the father being a British subject, or the mother being a British subject and a widow, becomes an alien in pursuance of this Act, every child of such father or mother who during infancy has become resident in the country where the father or mother is naturalised, and has, according to the laws of such country, become naturalised therein, shall be deemed to be a subject of the State of which the father or mother has become a subject, and not a British subject.

“(4) Where the father, or the mother being a widow, has obtained a certificate of re-admission to British nationality, every child of such father or mother who during infancy has become resident in the British dominions with such father or mother, shall be deemed to have resumed the position of a British subject to all intents.

“(5) Where the father or the mother being a widow, has obtained a certificate of naturalisation in the United Kingdom, every child of such father or mother who during infancy has become resident with such father or mother in any part of the United Kingdom shall be deemed to be a naturalised British subject.”

**NAVY BILLS.**—Bills which pass by this name are of two kinds—one issued by the Admiralty in payment of stores for ships and dockyards, and the other drawn at short date by officers of the navy on the Accountant General for pay due to them. Bills of the latter kind are freely dealt in by way of purchase at foreign stations, as they form a convenient medium for the transmission of money to London.

**NEAT'S FOOT OIL.**—This oil should be prepared, as the name implies, from the feet of oxen, but the feet of sheep and horses are frequently employed in its manufacture. It is a pale, odourless oil, obtained either by boiling down the split feet or by treating them with superheated steam in a closed cylinder. It is used for dressing leather and as a lubricant. The chief supplies come from South America.

**NECESSARIES.**—(See CONTRACT—INFANTS).

**NEEDLES.**—Pointed instruments made of steel when required for sewing, crocheting, embroidering, and knitting cotton and silk; but of ivory, wood, or bone when used with woollen yarn. The steel article is by far the most important. Redditch, near Birmingham, is the chief seat of the industry, which is carried on by machinery. For ordinary sewing purposes, steel wires, all of which are two needles in length, are arranged in bundles. Dies are used to punch the eyes, and both ends are pointed by means of a grindstone. The needles are then separated and subjected to the polishing and finishing processes.

**NE EXEAT REGNO.**—This is the name given to a writ which is issued under certain circumstances when it is a matter of importance that a person should not go out of the realm. At the present time it is rarely met with. But under the Debtor's Act, 1869, it is still possible for a plaintiff, who has a claim for a debt of £50 at least, to apply to the court that the defendant shall give security for the amount if it appears that he is about to leave the realm and if it is made manifest that his absence will injuriously affect the plaintiff in the prosecution of his claim. In practice, it is extremely difficult to get such a writ granted by the court, and for most purposes it may be said that it is practically obsolete.

**NEGLIGENCE.**—In the case of contract, each of the parties to the same declares what are the obligations imposed upon the one or the other and the law does not enforce anything outside these obligations. In the case of tort, however, the matter is different, and it is the law of the land and not the declaration of the parties which is the determining factor as to liability. A tort is a wrong which arises independently of contract.

One branch of the law of tort is that which deals with the effect of negligence, and it is a matter of importance, therefore, to have a clear idea of what negligence imports. It may be defined as the omission to do something which a reasonable man, who is guided by the ordinary considerations which regulate the conduct of human affairs, would do, or the doing of something which a reasonable man, similarly circumstanced, would not do. It is seen, then, that negligence may

arise from acts of omission as well as from acts of commission and a private person may be liable for damages in either case (see *NEGLIGENCE* *NON FEASANCE*) whereas a corporate body is only liable civilly for acts of commission and not for acts of mere omission. The forms which negligence can take are infinite and except when there is some statutory provision intervening in any way the liability of a person for negligence always arises at common law and the damages awarded are proportionate to the loss suffered.

In an action founded on negligence the plaintiff must prove some one or more acts of negligence and he will generally be compelled to state specifically in what are known as his particulars the act or acts of negligence relied on. The presiding judge will say whether there is any evidence of negligence at all. If there is no such evidence he directs a non suit, but if he thinks there is any evidence to go to the jury he ought not to keep the case from them and it will then be for the jury to say whether the negligence has been established and if so what is the amount of the damage sustained. In any case the injury complained of must arise out of the negligence alleged for if it springs from any other cause the defendant cannot be held liable. And again although it is proved that the defendant has been guilty of negligence and it is also shown that the plaintiff has himself been negligent so as to help to bring about the injury complained of the plaintiff cannot succeed in his case. He has been guilty of what is known in law as contributory negligence, and if this negligence of his own has been such that without it the negligence of the defendant would have had no ill effect the plaintiff must put up with the consequences. The blame rests upon his own shoulders.

If a person holds himself out as being possessed of any special skill his lack of skill will be imputed to him as negligence and if damage results he will be liable to the person injured. Thus a doctor professes to be specially qualified in the art of healing. If then he is not possessed of adequate skill or knowledge or if he does not show such a legitimate skill or knowledge when attending to a patient he will be liable for his negligence. But of course it is a difficult matter to bring home such a charge and in only the most flagrant cases can a plaintiff hope to be successful. Similarly a solicitor must exhibit legal competence. This does not mean that a solicitor will be held responsible to his client if the advice given to the client does not prove to be such as to insure success in litigation or anything of that kind. The solicitor must however not show complete ignorance of the law upon any particular point. If he does exhibit such ignorance and the client suffers the solicitor will be liable for negligence. The same is true of other professional men such as architects, accountants, surveyors, etc. The only person who appears to be exempt is a barrister. His peculiar position is explained under the heading *BARRISTER*.

Not only is a man liable for his own negligent acts but he is always responsible for the negligence of his servant provided the negligence was exhibited by the servant in the course of his ordinary duties and whilst he was in the service of his master (see *MASTER AND SERVANT*).

Where death is the result of a negligent act on the part of any person the delinquent may be liable not only civilly but also criminally. A

common instance is where a railway collision occurs and death ensues. A signalman or an engine-driver who is shown to have been at fault may be so far involved that a charge of murder or manslaughter may be preferred against him.

Until the passing of Lord Campbell's Act 1846 if death resulted from a negligent act no action was maintainable against the negligent person on the principle *actio personalis moritur cum persona* (qv). Since 1846 however an action may now be brought by the representatives of a deceased person on behalf of the wife, parent, husband, child or certain others who were dependent upon the deceased, and the jury will assess the damages according to the circumstances proved. Such an action must be brought within six months of the death.

**NEGOTIABILITY**—A person who has the property in an article cannot divest himself of the same except by some positive act on his own part. He may give it away, he may discard it with a full intention of making no further claim to it or he may transfer it to another person for value. Unless he does one of these three things his property in the article remains and even though it goes out of his possession by being lost or stolen he can always reclaim it from the possessor with the exception that if it has been transferred to a purchaser in market overt (qv) in a *bona fide* manner this reclamation cannot be made until the thief has been prosecuted to conviction. It follows from this that in the case of an ordinary chattel no person except the rightful owner can give a good title in it to the transferee and the maxim of the common law applies *nemo dat quod non habet*—no one can give that which he does not own.

To this general rule however an exception is made in the case of certain instruments which are often spoken of as negotiable instruments and the peculiar feature attaching to them so far as their transfer is concerned is known by the name of negotiability. Negotiability is a creation of mercantile custom which thus became a part of the law merchant (qv). Commerce would have been seriously hampered if it had always been necessary to inquire into the whole history of every document or chattel transferred in the course of business which would have been essential if the old common law rule had prevailed. Now partly by custom and partly by statute law this character of negotiability has been acquired by a certain number of documents and chattels and under it the property in a document or a chattel which is a negotiable instrument is acquired by transfer only provided the whole transaction connected with the transfer is absolutely *bona fide*.

A great authority has defined negotiable instruments as instruments to which negotiability attaches as those the property in which is acquired by any one who takes them *bona fide* and for value notwithstanding any defect of title in the person from whom he took them. They thus differ from ordinary chattels in the following particulars—

(1) The property in them and not merely the possession passes by delivery.

(2) The holder in due course (qv) is not in any way affected by any defect of title on the part of the transferor or any previous holder. He takes the instrument free from all the equities.

(3) The holder in due course can sue upon them in his own name. These are the three great qualities which go to make up what is called



"negotiability" A rough-and-ready test to apply when the matter is in doubt is this, Can title be made through a thief? If the answer is in the affirmative the instrument is negotiable, if in the negative it is not negotiable.

The most common examples of documents or chattels to which the character of negotiability is attached are coin of the realm, bills of exchange, promissory notes, cheques, and bank notes. Take any one of these as an example. A loses a sovereign. B finds it. He changes it with C. C acts quite honestly and knows nothing of the history of the coin. A cannot claim the sovereign from C even if he could identify it, which is doubtful. Again, A loses a cheque payable to his order, which he has already indorsed. B finds the cheque. B afterwards gets C to cash it for him, C having no idea or knowledge as to how B came into possession of the cheque, *i. e.*, he acts actually *bona fide*. C has a perfect title to the cheque. He has taken it *bona fide* and he is in no way affected by the defective title of his transferor. If the cheque is tainted with forgery the case would be different, for it must never be forgotten that in order to obtain all the benefits springing from a negotiable instrument, the whole transaction must be absolutely above suspicion. Lastly, take the case of a bank note. A has a £5 note. B steals it from him. B changes the note with C, either a private individual or a tradesman. Unless there is something suspicious about the whole affair, C's title to the note is absolute. A cannot claim it from him, a thing which he might have done in the case of an ordinary chattel.

In addition to cheques, bills, and promissory notes, bank notes, and coin of the realm, the following are examples of negotiable instruments: treasury bills, foreign bonds, share warrants and share certificates to bearer. Debentures, payable to bearer, of an English company have in recent years been held by the courts to be negotiable instruments. It does not follow that because an instrument is a negotiable instrument in the country where it has been created, it will be regarded as such in this country. To make it a negotiable instrument in this country there must be evidence that it is the custom of merchants to treat it as negotiable. Lord Mersey, then Bigham, J., said in *Edelstein v Schuler*, 1902, 2 K B 144: "The time has now passed when the negotiability of bearer bonds, whether Government or trading bonds, foreign or English, can be called in question in the English Courts."

The difference between a document which is a negotiable instrument and one which is not may be illustrated by, say, a bearer bond of the Japanese Government and a bill of lading. The person to whom the bearer bond is delivered, if he takes it in good faith and for value and without notice of any defect in the transferor's title, obtains an absolute right to the bond even if it should subsequently appear that the transferor had stolen it and had therefore no title to it. In the case of a bill of lading, which is a symbol of goods, the person to whom an indorsed bill of lading is delivered obtains a right to obtain possession of the goods, but if the transferor had no title, or an imperfect title, to the bill, the transferee cannot obtain any better title than the transferor had. If the transferor had no title, the transferee cannot obtain a title.

Certain American railroad certificates, which

pass by delivery when the transfer on the back has been signed are not negotiable instruments.

Where a negotiable instrument is given as security, a banker usually takes a memorandum or agreement stating the purpose for which it is pledged, though a memorandum is not absolutely necessary. A deed of transfer is not required for bearer bonds, as they pass by mere delivery and the banker obtains a valid security, even if the person from whom he received the bonds had stolen them or the bonds formed part of a trust. But it is essential to his security that when he took the bonds he had no notice of the defective title of the transferor. It would appear that mere negligence in taking a negotiable instrument does not fix a transferee with notice of a defective title, but the transferee must be able to show that he took the security in good faith and for value. The law is very clearly laid down in the case of *London Joint Stock Bank v Simmons*, 1892, A C 201, and in the course of his elaborate judgment Lord Herschell made use of the following expressions: "It is surely of the very essence of a negotiable instrument that you may treat the person in possession of it as having authority to deal with it, be he agent or otherwise, unless you know to the contrary, and are not compelled, in order to secure a good title to yourself, to inquire into the nature of his title, or the extent of his authority." I should be very sorry to see the doctrine of constructive notice introduced into the law of negotiable instruments. But regard to the facts of which the taker of such instruments had notice is most material in considering whether he took in good faith. If there be anything wanting which excites the suspicion that there is something wrong in the transaction, the taker of the instrument is not acting in good faith if he shuts his eyes to the facts presented to him and puts the suspicions aside without further inquiry. It is easy enough to make an elaborate presentation after the event of the speculations with which the bank managers might have occupied themselves in reference to the capacity in which the broker who offered the bonds as security for an advance held them. I think, however, they were not bound to occupy their minds with any such speculations. I apprehend that when a person whose honesty there is no reason to doubt offers negotiable securities to a banker or any other person, the only consideration likely to engage his attention is, whether the security is sufficient to justify the advance required. And I do not think the law lays upon him the obligation of making any inquiry into the title of the person whom he finds in possession of them, of course, if there is anything to arouse suspicion, to lead to a doubt whether the person purporting to transfer them is justified in entering into the contemplated transaction, the case would be different, the existence of such suspicion or doubt would be inconsistent with good faith. And if no inquiry were made, or if on inquiry the doubt were not removed and the suspicion dissipated, I should have no hesitation in holding that good faith was wanting in a person thus acting."

In the case of bonds not strictly negotiable instruments if they contain words purporting to make them transferable by delivery, or by indorsement and delivery, a holder may be estopped from denying their negotiability if he has so dealt with them as to lead the person taking them to treat them as such. Where certain bonds had been handed to an agent for the purpose of raising money, and

an advance was obtained from a moneylender who afterwards deposited the securities with bankers as cover for advances by the bankers to the moneylender the bankers (the defendants) claimed to hold the securities for what was due to them by the moneylender and the plaintiffs claimed that the securities were a security to the defendants for such an amount only as was due by the principal and his agent to the moneylender. Thus in the case of *Easom v. London Joint Stock Bank* (1887 34 Ch D 95) in the Court of Appeal Bowen L. J. said:

Even if these bonds are not strictly negotiable and do not possess the incidents of negotiable instruments which are recognised as such nevertheless a further question arises whether S by the way he has treated the bonds has not estopped himself from denying their negotiability. Whether he has not—by placing for disposal and with the intention that they should be transferred in the hands of an agent of his own bonds which on their very face purport to create a liability quite independent of anterior equities between the company and the person who takes them—really chosen to treat these bonds as negotiable and to authorise his agent to treat them as such. If the negotiability of these bonds by estoppel so to speak arises that disposes of all difficulty that would arise owing to the seal being attached to these bonds because it is no longer a question whether they are strictly speaking negotiable but whether S has chosen to treat them as such. The second way of looking at the matter may be dealt with from two points of view but practically they run into one another. You may say that S having placed in the hands of his agents these bonds with the intention that they should be transferred beyond those agents and held his agent out to the world as clothed with authority to transfer them as negotiable cannot afterwards by any unknown dealing or limitation of authority which he has conferred on his agents prejudice those who took the bonds which have been so foisted. Or you may say which I think is a sound way of putting it that as regards S and the bank these bonds have become negotiable by estoppel and therefore S is precluded from saying the legal title to these bonds is not in the bank.

#### NEGOTIABLE DOCUMENTS OR INSTRUMENTS

**NEGOTIABLE PAPER.**—The document instruments or paper which have the special characteristics of what is called negotiability attached to them and which generally speaking confer a good title by transfer to a person who takes the same *bona fide*. The commonest examples are coin of the realm, bills of exchange, Government bonds, etc. The number of such documents and instruments is being continually increased according to the requirements of the mercantile community. The subject is fully dealt with under the heading **NEGOTIABILITY**.

#### NEGOTIATION OF BILL OF EXCHANGE.

The negotiation of a bill of exchange—and this includes a cheque—is so important a matter that the sections of the Bills of Exchange Act 1882 referring to the subject are of the utmost importance. They are as follows—

##### By Section 31—

(1) A bill is negotiated when it is transferred from one person to another in such a manner as to constitute the transferee the holder of the bill.

(2) A bill payable to bearer is negotiated by delivery.

(3) A bill payable to order is negotiated by

the indorsement of the holder completed by delivery.

(4) Where the holder of a bill payable to his order transfers it for value without indorsing it the transfer gives the transferee such title as the transferor had in the bill and the transferee in addition acquires the right to have the indorsement of the transferor.

(5) Where any person is under obligation to indorse a bill in a representative capacity he may indorse the bill in such terms as to negative personal liability.

##### By Section 30—

(1) Where a bill is negotiable in its origin it continues to be negotiable until it has been (a) restrictively indorsed or (b) discharged by payment or otherwise.

(2) Where an overdue bill is negotiated it can only be negotiated subject to any defect of title affecting it at its maturity and then except for no person who takes it can acquire or give a better title than that which the person from whom he took it had.

(3) A bill payable on demand is deemed to be overdue within the meaning and for the purposes of this Section when it appears on the face of it to have been in circulation for an unreasonable length of time. What is an unreasonable length of time for this purpose is a question of fact.

(4) Except where an indorsement bears date after the maturity of the bill every negotiation is *prima facie* deemed to have been effected before the bill was overdue.

(5) Where a bill which is not overdue has been dishonoured any person who takes it with notice of the dishonour takes it subject to any defect of title attaching thereto at the time of dishonour but nothing in this sub-section shall affect the rights of a holder in due course.

A bill may in the ordinary course of business be negotiated back to a party already liable thereon.

##### By Section 37—

Where a bill is negotiated back to the drawer or to a prior indorser or to the acceptor, such party may subject to the provisions of this Act re-issue and further negotiate the bill but is not entitled to enforce payment of the bill against any intervening party to whom he was previously liable.

Where a bill has been transferred by indorsement to say four different persons and the fourth indorser indorses it back to the first indorser, number one cannot enforce payment against the second, third or fourth indorsers because each of these three indorsers has a claim against him as the first indorser. But if the first indorser again indorses his bill when indorsing the bill by the addition

of the words *sans recours* or without recourse to his signature he can enforce payment, when the bill is indorsed back to him against the said second, third or fourth indorsers because they have in that case no claim against him.

By Section 8, s. 1. When a bill contains words prohibiting transfer or indicating an intention that it should not be transferable it is valid as between the parties thereto but is not negotiable. (See **NOT NEGOTIABLE**.)

**NEPHEW.**—A transitive numeral verb in colour when white to yellow and green. It is frequently known as *jaundice* but is also known as *resembling the latter in appearance* and is also known as

"negotiability" A rough-and-ready test to apply when the matter is in doubt is this, Can title be made through a thief? If the answer is in the affirmative the instrument is negotiable, if in the negative it is not negotiable.

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quantities of coal salt pork hardware and machinery are also imported. The bulk of the trade is done with Canada, the United States and the United Kingdom, but much fish is sent to Portugal and Brazil.

There are 666 miles of railway, nearly all belonging to the State, but since most of the population is near the coast much traffic goes by water.

**Commercial Centres.** The chief towns are *St John's* (32 000), *Harbour Grace* (5 000), *Carboneau*, *Twillingate* and *Bonaville*.

*St John's* the capital stands on a fine landlocked harbour. It is the centre of the fishing industry, the terminus of the railway and the nearest American port to Britain.

**Government.** There is a governor appointed by the Crown, a Legislative Council appointed by the governor for life and a Legislative Assembly elected by popular vote every four years. The executive is in the hands of a Ministry, which has the confidence of the Assembly.

**LABRADOR.** The coast of Labrador a strip of country 700 miles long, is administered as part of Newfoundland, the water communication between various parts of the island being readily extended for this purpose. The shore is similar to that of Newfoundland and its inhabitants who number about 4 000 are engaged in fishing and trapping. The severity of the winter and the shortness of the summer prevent cultivation. The river Hamilton 600 miles long has magnificent falls and rapids.

Mails are despatched direct to Newfoundland via Liverpool once a fortnight and by other routes at irregular intervals. The city of *St John's* is 2 500 miles from London, and the time of transit is nine days.

For map see CANADA, page 260.

**NEW GUINEA.**—Also called Papua. With the exception of Australia—and Australia is rather a continent than an island—it is the largest island in the world. It is situated directly north of Australia.

As yet New Guinea is little known at least as far as the interior is concerned. There are some extremely mountainous districts and one peak, *Carstensz*, is known to exceed 16 000 feet. There are also a considerable number of navigable rivers but they cannot as yet be made use of for commercial purposes. Climatic conditions are such as to make the territory very unhealthy for Europeans, heavy rains rendering the air humid and giving rise to tropical fevers. The exports are *beche de mer*, copra, ebony, india rubber, pearls and shells together with a certain quantity of coffee, cocoa and sugar.

Politically New Guinea is divided between Great Britain, Germany and Holland. The last named country established itself in the west in 1848, Germany took possession of the north-east in 1880 and Great Britain proclaimed the south-east a British colony in 1888.

Dutch New Guinea has an area of about 150 000 square miles and a population estimated at 200 000. This western part of the island has been little explored and its population has been little more than nominal.

German New Guinea—also called Kaiser Wilhelm's Land—has an area of about 70 000 square miles and a population estimated at 110 000 (see CANAL, p. 729).

British New Guinea (and thus the portion of the island which is now known) is the territory

of Papua) extends over 90 000 square miles and the population is reckoned as being lightly over 3 000. The chief ports are *Port Moresby* and *Sierra*.

For map see EAST INDIES, page 560.

**NEW SOUTH WALES.**—Position, Area and Population. New South Wales the oldest of the Australian Colonies lies on the eastern side of the continent facing the Pacific between 30 and 38° latitude and between 154° longitude and Cape Byron to longitude 141° E. which forms its boundary with South Australia to the north, Queensland and to the south separated almost entirely by the river Murray, Victoria. The coast is about 700 miles long and the greatest depth about 640 miles.

The population is estimated at 1 693 931, mostly of British descent, with about 105 000 Chinese and 7 500 aborigines and half-castes.

**Rivers, and Climate.** Running from north to south on the eastern side is a mountainous strip in which the principal ranges are the New England Range, the Liverpool Range, the Blue Mountains—the least elevated and the northern part of the Australian Alps in which the Kosciusko group is the highest in the continent. To the east of these mountains is the coast region from 30 to 120 miles wide. To the west is a plateau sloping down gently to the plains of the Riverina district and the sea.

The eastern slope lying in the south-east trade area receives copious rainfall and has numerous short rivers plentifully supplied with water, some of them notably the Richmond, Clarence, Macleay, Hunter and Hawkesbury, being navigable for considerable distances from their mouths. The climate is oceanic with an average monthly temperature at Sydney of 71° F. in summer and 54° in winter and a rainfall of 30 in. in the north to 73 in. in the south. The soil is not generally fertile, except along the valley bottoms and is in these that agriculture is generally carried on.

The plateau region also has sufficient rainfall for agriculture, the soil is good and much wheat is grown, but westward the rainfall diminishes rapidly until in the north-west, on the further side of the Barmer or Stanley and Grey Ranges it is only 9 in. This north-western corner is the only part not draining to the sea, the whole western division otherwise draining into the Murray, which enters the sea in South Australia. The largest streams flowing into it are the Lachlan and Murrumbidgee in the south, and the Darling in the north, the latter receiving no tributary for the last 1 000 miles of its course and indication of the dryness of the region. The Murray fed by the water from the snows of the Alps, is the only stream that can be relied on to flow throughout the year, the others becoming merely channels of shallow pools between the high bank down the summer.

The climate of the western slope is more extreme, the average monthly temperatures ranging from 48° F. to 84° with occasionally a rise to 130° in the shade. The dryness, however, prevents these extremes from being so harmful.

**Artesian Wells and Irrigation.** The uncertainty of the rainfall as well as its scantiness is a great drawback to settlement, but this has to some extent been mitigated by the boring of Artesian wells. The principal bores are at Coomambi, Murrumbidgee, Gilgah and Euroka. It was always supposed that the water from these came underground

different in composition. Ornaments of nephrite are greatly prized in the East. The mineral is obtained chiefly from Siberia and Turkestan, and in recent times from New Zealand and British Columbia.

**NEROLI OIL.**—The volatile oil distilled from orange blossoms. It is much used in perfumery, especially in the preparation of Eau de Cologne.

**NET or NETT.**—This word is a form of "neat" from the Latin, *nitidus*, "clear." It signifies either (1) The amount of any charge or cost after all deductions have been made, or (2) The actual amount when no deductions of any kind are allowed. It is the opposite of gross (*qv*).

**NET or NETT PROFIT.**—The profit arising out of any business or transaction when all expenses and losses (if any) have been deducted.

**NET or NETT RENTAL.**—The rent of any property after all taxes, out of repairs, etc., have been deducted.

**NET or NETT WEIGHT.**—After the explanation of net in the preceding article, it is obvious that net weight means the actual weight of goods, etc., without reckoning the weight of the packages, etc., in which they are enclosed, and after all proper allowances have been made for such things as waste, turn of the scale, etc.

**NEULOTH.**—(See FOREIGN WEIGHTS AND MEASURES—GERMANY.)

**NEUTRALITY.**—When a condition of war exists between two countries, other countries which have no particular concern with the matters in dispute generally issue a public declaration to the effect that they are taking no part in the struggle and that they will show no favour to one or other of the belligerents. The position thus taken up is said to be a state of neutrality. The declaration is issued as soon after the commencement of hostilities as possible. It acts as a kind of warning to all subjects of the neutral state to do nothing which may favour one side or the other. The position of neutrality only affects a state so far as public matters are concerned. In all private matters, the subjects of any state can proceed without let or hindrance, dealing indiscriminately with either of the belligerents, except in so far as they are restrained by blockade (*qv*) or anything similar.

**NEUZOLL.**—(See FOREIGN WEIGHTS AND MEASURES—GERMANY.)

**NEWFOUNDLAND.**—Position, Area, and Population. The island of Newfoundland is the most easterly of North America. St John's, in the south-east, is in longitude 53° W or more than 20° east of New York, and only 1,675 miles from Cape Clear in the south-east of Ireland. The extreme latitudes of the island are 51½° and 46½° N. Lying right across the mouth of the Gulf of St. Lawrence it is only 12 miles from Labrador across the Strait of Belle Isle and 69 miles from Cape Breton across Cabot Strait. A number of trans-Atlantic cables are landed at Heart's Content on the east coast, and it is possible that a quick route between Europe and Canada may be established through the island. Partly with this in view and partly to open up the interior, a railway has been built from St John's to Port aux Français in the south-west, opposite Cape Breton. The island has an area of 42,731 square miles. The population numbers about 238,000, of whom 44,000 are engaged in the fisheries.

**Relief and Rivers.** The greater portion of the

country is undulating, the highest hills being the Long Range parallel to the west coast, being between 1,000 and 2,000 ft high. The coast is generally high and rocky, and cut into by many inlets forming various peninsulas. The Avalon peninsula, in the south-east, on which stands the capital, and where the bulk of the population live, is connected by an isthmus between Placentia and Trinity Bays, only 3 miles across. There are numerous lakes of all sizes in the interior, occupying about a quarter of the area of the country. The rivers are numerous, but generally small and unsuited to navigation. The largest are the Exploits, flowing northward, 200 miles long, and the Humber. Many of them are salmon rivers.

**Climate.** The climate is not so extreme as on the continent, the range of temperature being from 0° to 85° F. The effect of the Arctic current, which brings down much ice from the north, is felt specially in summer. The east and south coasts are subject to the fogs which occur in these regions, and make the fishing on the Great Banks very dangerous at times. They do not, however, extend for more than a few miles from the sea. These fogs are caused by the influence of the cold Arctic current on the warm, moist air from over the Gulf Stream (*qv*).

**The Land Products.** Much of the interior is forested, the chief trees being the white pine, spruce, fir, birch, and maple. The forests are generally along the sides of the river valleys and on the rising ground of the interior. Several English firms have erected pulp and paper mills.

Iron, copper, and chrome are worked in considerable quantities, while coal and other useful minerals are known to exist. Iron pyrites are exported to England for use in the manufacture of sulphuric acid. Gypsum, largely used as a fertiliser in the United States, exists in large quantities at St George Bay. Petroleum and asbestos have also been found. There is plenty of game, caribou being found in large numbers in the interior, as well as geese, ducks, and ptarmigan, while the rivers are well stocked with fish.

**The Sea Products.** Newfoundland derives its greatest wealth from the sea. Soon after the discovery of the island by Cabot in 1497, fishermen from France and other European countries came to catch cod on the Grand Banks, which lie about 100 miles from the coast to the south-east; and since then cod fishing has always been a leading industry. Near the shore, herring, capelin, and squid are caught and used for bait. The Newfoundlanders have no control over the Banks, but they reserve the right of catching bait inshore strictly to themselves, and derive a considerable income from the sale. The cod season lasts from June until November. The fish are salted and cured for export on the shores. From March 15th to April 15th is the sealing season. Boats leave the ports, chiefly St John's, in the second week of March, for the ice floes brought down by the Arctic current, on which numbers of seals live for the breeding season, and the animals are killed with clubs for their skins and blubber.

**Trade and Transport.** Nearly 90 per cent of the exports consist of the products of the fisheries. The chief item is dried cod; then come turbot, lobsters, herring, cod oil, seal oil, and seal skin. After fish products come iron ore, and at some distance, copper and copper ore.

The chief imports are flour and textiles; hardware.

**Newcastle** (17 000) surrounded by populous suburbs stands at the mouth of the Hunter River and is engaged in the export of coal and agricultural produce and has smelting works and factories.

**Maitland** (16 506) at the head of navigation on the Hunter is similarly engaged. The disastrous floods to which it was at one time liable from the overflowing of the river are now prevented by a series of stone embankments.

**Broken Hill** (33 000) is the centre of the silver mining industry. Although politically part of New South Wales its natural outlet to the sea is through South Australia with which it is connected by rail.

**Bathurst** (10 000) is in the centre of the wheat country.

**Goulburn** (11 000) is the principal inland trading centre.

**Wagga Wagga** (8 000) is the centre of the Upper Riverina and Denighquin of Lower Riverina.

**Hay** (3 191) on the Murrumbidgee is the most westerly point on the railway in the south of Riverina as *Fort Bourke* on the Darling is in the north.

**Orange** (7 056) is in the centre of a wheat and fruit growing region to the north west of Bathurst.

**Crafton** (1 714) on the Clarence River 45 miles from the sea ship the agricultural produce copper and other minerals from the surrounding region.

**Lithgow** (9 000) is the centre of a small coalfield.

**Wollongong** (4 600) is the port from which the coal of Illawarra district is exported.

**Albury** (7 000) on the Murray in the south on the border of Victoria handles the interstate traffic where a break of gauge occurs.

In the north the break of gauge occurs at *Slanthorpe* just over the border in Queensland.

*Armidale* is a local centre on the railway to the north.

**Commerce.** In both imports and exports New South Wales is ahead of all the other States of the Commonwealth most of the trade is with the United Kingdom. The overseas exports valued on an average at £6 900 000 per annum (£32 144 092 in 1911) comprised chiefly gold, wool, coal, butter, meat (frozen and preserved), hides and skins. The overseas imports are of the average annual value of £27 430 000 (£77 330 310 in 1911). In the interstate trade the imports and exports are valued at about £17 900 000 and £24 400 000 respectively.

**Dependencies.** **NOFFOLK ISLAND** is in the Pacific with an area of 10 square miles and a population of about 1 000 and **LORD HOWE ISLAND** with a population of 100 are under the administration of New South Wales.

Mails are despatched every Friday via Brisbane or Naples. There are also supplementary mails via Vancouver and San Francisco as well as by French and German packets. Sydney is 12 043 miles distant from London. The time of transit is about twenty two days.

For map see AUSTRALIA page 122.

**NEWSPAPERS.**—(See Post Office.)

**NEW TRIAL.**—When one of the parties to a case is dissatisfied with the result he can apply for a hearing of the case and if it is shown that in certain respects there has been a miscarriage of justice or if good grounds of another kind are adduced it is sometimes possible to secure a rehearing or new trial. When the case is tried

in the High Court application must be made to the Court of Appeal. The usual grounds adduced are misdirection on the part of the judge at the first trial or a perverse verdict or a verdict clearly contrary to the weight of evidence adduced that no body of sensible men could be supposed to arrive at the result recorded by the verdict of the jury. The grounds however must be very clear as the Court of Appeal will be slow to interfere unless a proper case is made out. In the county court if the litigant is dissatisfied with the result he must apply to the judge of that county court and adduce such reasons as will satisfy the court that it is right and just to allow a new trial to take place. It may serve as a warning, to state that the mere fact of fresh evidence being ready at hand will not be a good cause for obtaining a new trial unless some very satisfactory reason is given why the evidence was not forthcoming at the first trial.

**NEW ZEALAND.**—**Position Area and Population.** The Dominion of New Zealand one of the most progressive of British colonies is an archipelago with an area of 101 751 square miles or about six sevenths of the size of the United Kingdom. It lies about 1 200 miles east south east of Australia and almost entirely between the parallels of 34 and 47 south latitude. Two large islands, North Island with an area of 44 468 square miles and South Island with an area of 38 525 square miles make up the greater part of the dominion. The remainder of the colony is made up of Stewart Island, the Chatham Islands, the Kermadec Islands and the Cook Archipelago. The population is now about a million exclusive of 48 000 Maoris.

**Coast Line.** New Zealand is a narrow sea girt land with deep bays and steep peninsulas. No place is more than 70 miles from the sea and hence there are advantages in freight rates to the coast. The coast is in most places high and sometimes grandly precipitous. Sea inlets are numerous but the harbour accommodation is unfortunately not too conveniently distributed. In the extreme south west of South Island many fiords penetrate the land and rival those of Norway in their scenery, they however give access to no fertile region beyond. There are no really good harbours on the west coasts of either of the two main islands but the mouths of bar bound rivers. Good harbours are found at Waitemata, the port of Auckland, ity on the north west of North Island, which is one of the best harbours in the southern hemisphere and Port Nicholson on Cook Strait, which holds an enviable commercial position with easy access by steam to the coasts of both islands. The eastern coast of South Island provides little natural shelter. Akaroa is however an admirable natural harbour. Lyttelton, the seaport of Christchurch, has had its harbour made more commodious by artificial means and Port Chalmers, large bar harbour has been improved by dredging and other methods. The Bluff, the port of Southland is on Foveaux Strait, which separates South Island from Stewart Island.

**Build.** The surface of the two main islands is essentially mountainous and the chief mountain ranges have a general north-east to south-west direction. The Southern Alps of the South Island traverse its western side from north to south and for the most part lie close to the coast. They are 15 ft (Mount Cook 12 350 ft.) and are covered with perpetual snow while the glaciers on them, notably the Tasman and Franz Josef, are well famed. These mountains are a barrier to communication









A striking feature of the New Zealand flora is the tree ferns which sometimes attain the height of 50 ft.

**The Mining Industry.** The mineral resources of New Zealand are great and have exercised a potent influence on her development and progress. Gold and coal are the chief minerals. Quartz and alluvial mining for gold are carried on 65 per cent of the total gold production comes from the quartz mines. The richest goldfields are in the district of Auckland on the west coast and in Otago. Rector, Lyell, Hokitika, Kumara, Coromandel, Thames, Ross, and Waikato are important centres. Coal to the extent of about 2,000,000 tons is raised annually, and is widely distributed. Coal mining is destined to become an important industry, especially on the west coast of South Island where excellent bituminous coal exists. The mines in Otago and at Westport and Grey mouth on the west coast are the most important and yield two-thirds of the total production. Small quantities of coal come from Waikato, Kawakawa, and Southland. Silver is found in various localities and is sometimes mined with gold. Amongst other minerals are brown hematite ore at Parapara near Nelson, iron sand from the coast near New Plymouth, and sulphur from the Hot Lakes District.

**The Fishing Industry.** The fisheries are somewhat neglected. Auckland and Otago have the most fishermen. Oysters are exported from Stewart Island, and from Russell, north of Auckland. Schnapper and other fish are sent to Australia.

**The Manufacturing Industries.** Manufactures have developed greatly for so young a colony and are connected as might be expected with the grazing, agricultural, and mining industries. The largest manufacturing provincial districts are Auckland, Wellington, Canterbury, and Otago. Of centres, Dunedin makes agricultural machinery. Christchurch makes leather goods. Wellington is noted for its textile (wool) and meat industries and its brewing, and Auckland makes furniture, ropes, and pottery.

**Communications.** The railways of North Island run southward from Auckland to the south of the province northward from Wellington through Woodville to Napier and westward from Woodville to New Plymouth. In South Island the main line runs from Invercargill through Dunedin, Palmerston, Oamaru, Timaru, to Christchurch and Lyttelton. It has numerous branches to the north and west. There are short lines from Pictou, Nelson, Westport, Greymouth, and Hokitika. Two roads cross the Southern Alps—one from Hokitika through the Otira gorge to Christchurch, and the second from Westport to Nelson and Blenheim. Constant traffic is important and counterbalances to some extent the disadvantages of the disconnected railways.

**Commerce.** The exports of New Zealand are wool, timber, frozen mutton, butter, and cheese, wheat, gold, kauri gum, phosphorus, fibre, skins (sheep and rabbit), and coal. The imports consist of textiles, wearing apparel, boots, and shoes, iron goods, sugar, tea, books, stationery, and alcoholic drinks. Over 70 per cent of New Zealand's trade is carried on with the United Kingdom and Australia. The remainder is mainly with the United States, Germany, Italy, India, and Ceylon.

**Trading Centres.** The chief trading centres are the ports. The largest town is Auckland (100,000), lying on the southern shore of the Waitemata Harbour on a narrow neck of land between the

Waitemata and the Manukau. It is a centre from which radiate rail road and steamer routes. Among its industries are shipbuilding, sugar refining, and the manufactures of rope, twine, furniture, and jotters. The Cornith of the South Pacific is an apt title for Auckland.

**Wellington** (75,000) the political capital is situated in the south-west angle of Port Nicholson on Lambton Harbour. The principal industries are represented by saw mills, soap and candle works, boot factories, meat freezing works, and rope and twine works. Auckland and Wellington are the chief importing and exporting centres of North Island.

**Christchurch** (78,000 with suburb) the capital of the Canterbury district is situated on the plains and is the centre of trade and commerce for the North Canterbury agricultural and pastoral country. Lyttelton, on Port Cooper (7 miles distant) is its outpost.

**Dunedin** (63,000) the capital and commercial centre of Otago is situated at the head of Otago Harbour and is 8 miles distant from its seaport, Port Chalmers.

**Invercargill** (15,000) the chief town of Southland is provided with a small harbour in the New River estuary, but the Bluff is the principal port and is the first and last port of call for steamers trading with Tasmania and Australia. The exports are timber, wool, and grain.

**Napier** on Hawke's Bay is a busy town exporting wool and frozen meat. Fort Ahuriri is 1 mile from the town.

**Timaru** is the port of shipment for the agricultural and pastoral districts of the Central Province. Meat freezing, sawmilling, and flour milling are carried on.

**Oamaru**, the second town of Otago, is the centre of a farming district and possesses a good harbour. Its exports are wool, grain, and frozen meat.

**Lyttelton** is situated at the mouth of the Buller River and possesses the finest harbour on the west coast of South Island. Lake Grey mouth the import and export town of Westland, it exports excellent bituminous coal.

**Hokitika** at the mouth of the Hokitika River exports gold and timber.

**New Plymouth** is the chief town of Taranaki. New Zealand forms a separate Dominion having declined to be incorporated with the Commonwealth of Australia. It enjoys a separate Government like all the other self-governing States of the British Empire.

Mails are despatched every Friday via Suez and also periodically via San Francisco. Wellington is about 16,000 miles distant from London. The time of transit is a little over thirty days by the American route and nearly forty days via Suez.

**NEW ZEALAND HEMP**—also known as New Zealand flax. It is the fibre obtained from the *Phormium tenax* of New Zealand. The plant may also be grown in Britain. The fibre is used for making ropes and baskets. Its commercial importance is increasing in proportion as the price of Manila hemp advances.

**NEXT FRIEND**—As an infant cannot generally speaking enter into any legal obligation, he is not entitled to sue in any court of law in his own name. He must procure some other person who is sui juris (quod in a horse name the action runs and thus per on who is known as the next friend is responsible for the costs of the action in case

judgment is given in favour of the defendant. Any person may act in this capacity, with the exception of a married woman. If the father of the infant is alive, he is generally the person who acts. The "next friend" must give an undertaking to be responsible for the costs incurred. When an infant is defendant in a case, he is sued through a person who is called a guardian *ad litem* (*q v*).

There is no necessity for the appointment of a "next friend" where an infant sues in a county court for any sum not exceeding £100 for wages or piece work, or for work done as a servant. He may prosecute such action in the same manner as if he was of full age.

**NEXT-OF-KIN.**—The next-of-kin are originally and properly the nearest in proximity of blood, whether of the whole or the half-blood, living at the death of the persons whose next-of-kin are spoken of, but the expression is often used of the persons entitled to succeed to the personal property of an intestate under the Statutes of Distributions (*q v*). There are two degrees of kindred: the one in the lineal or direct line ascending or descending, and the other in the collateral or indirect line, and each of these lines are sub divided as the relationship is one of consanguinity or one of affinity, though those connected by affinity have no rights of succession to an intestate. The lineal line by way of consanguinity, as it ascends, is father, mother, grandfather, and so on, and as it descends is son, daughter, grandson, and so on; by way of affinity, as it ascends, it comprises step-father and step-mother, father-in-law and mother-in-law, and as it descends it comprises step-son, step-daughter, son-in-law, and daughter-in-law. The collateral line by way of consanguinity includes brothers and sisters, brothers' children and sisters' children, uncles and aunts, and so on, while the collateral line by way of affinity includes brothers' wives, sisters' husbands, uncles' wives, and so on. For the purpose of distribution of an intestate's personal estate, no preference is given, in general, to males over females, nor to the paternal line over the maternal line, nor to the whole over the half-blood, as in the case of descent of land; nor does a child stand in the place of its parent. The general principle as regards the more distant relatives is that the personal estate divisible among the next-of-kin is equally divided among those who are collaterally related in an equal degree to the intestate and their legal representatives, and all the next-of-kin of one degree must be eliminated before those of a more remote degree are admitted to share in the distribution. The degrees of kindred are computed according to the civil law upwards to the ancestor and downwards to the issue, each generation being reckoned as a degree, *e g*, from A to his father, or to A's son, is one degree; from A to his grandson is two degrees, and from A to his sister is also two degrees, *i e*, one up to the father and one down to the sister, from A to A's nephew is three degrees—one up to A's father and two down to the nephew. There are, however, exceptions to these rules, *e g*, on the total failure of descendants, the father takes to the exclusion of the mother, and brothers and sisters succeed before a grandfather or grandmother. In cases of intestacy, administration may be granted to a husband or a wife, or to the next-of-kin, those being preferred who are nearest in degree to the intestate.

In the case of a domiciled foreigner leaving personal property in England his next-of-kin will be as ascertained by the law of his foreign domicile, so that

*e g*, a person legitimated according to the law of his domicile by the subsequent marriage of his parents might be qualified to take, though by English law he would be illegitimate.

A testator sometimes bequeaths his property to his "next-of-kin." That expression is construed in the courts to mean his "next-of-kin" in the primary sense of the word, and not his statutory next-of-kin, and does not, therefore, include persons claiming by representation, *e g*, the children of a deceased sister, unless there is either an express reference to the Statute of Distributions, or an implied reference thereto, *e g*, where a division is directed, or reference is made to intestacy. A husband is not next-of-kin to his wife, nor wife to husband, and neither would be entitled under a bequest to the statutory next-of-kin.

Since the Deceased Wife Sister's Act, 1907, if a man after the death of his wife marries her sister and has children by her, the children will stand in the same position as their half-brothers and sisters as next-of-kin to their father, or half-brother. (See **INTESTACY, DISTRIBUTION, STATUTES OF**)

**NICARAGUA.**—Nicaragua, the largest of the Central American Republics, has Honduras on the north, Costa Rica on the south, the Caribbean Sea on the east, and the Pacific Ocean on the west. Its area is 49,200 square miles, and its population is estimated at 500,000. Along the Caribbean coast stretches a great alluvial plain, and behind the extensive highlands reaching a height of 7,000 ft. Where the country narrows, the barrier between the two oceans is only 150 miles wide, and the western half consists of a great depression, 100 ft above sea-level, occupied by Lakes Managua and Nicaragua. The San Juan River from the eastern end of Lake Nicaragua gives connection with the Atlantic. It has been proposed to construct a canal (185 miles) from Greytown on the Atlantic to Brito on the Pacific across this depression, utilising the San Juan River and Lake Nicaragua, but the existence of active volcanoes on islands in Lake Nicaragua threaten the safety of the canal. As in Mexico, three climatic regions may be distinguished: (1) The hot alluvial plains region, up to a height of 2,000 ft (*tierra caliente*); (2) the higher temperate region, 2,000 to 6,000 ft (*tierra templada*); and (3) the still higher and colder region, 6,000 ft and upwards (*tierra fria*). The rainfall is great, but most falls on the eastern slopes. Most of the people live by agriculture, and this industry would develop much were it not for the scarcity of labour. The climate and soil are specially suited to coffee, and this is the chief product. Other products include rice, tobacco, bananas, cocoa, and sugar on the fertile plains and hills, and mahogany and other valuable woods and rubber from the forests. Cereals are little grown. The pastoral industry is important on the highlands, and many cattle are reared. There is mining for gold and silver in the north, and copper, coal, oil, and precious stones are also found in the country. Local manufactures include furniture-making, cigars, cigarettes, sugar, and rum. Few good roads exist in the country, but there are signs of development. The main railway line runs from Corinto to Leon, Managua, Granada, and Dribamba, with branches to El Viejo and Monumbo. Steamers ply on the San Juan River and the lakes. The principal exports are coffee, lumber, gold, rubber, bananas, cattle, and hides; and the main imports are iron goods, bread-stuffs, and cotton. The trade is with the United States, Great Britain,

Germany and France. The chief trade centres are Managua (35 000) on Lake Managua the capital Leon (50 000) the old capital Bluefields and Greytown Atlantic ports Corinto and San Juan del Sur Pacific ports and Masaya Granada and Chinandega inland centres.

Managua is 5 800 miles from London. There is mail communication both direct and via the United States. The time of transit is about twenty five days.

For map see CENTRAL AMERICA page 304  
**NICARAGUA WOOD**—The dye wood obtained from the *Cassipouira echinata* of tropical America. Peachwood is another name for the same article. The timber exported from Peru is considered the best.

**NICKEL**—A hard whitish metal which is principally obtained from *Kupfer nickel* an ore with a copper like appearance consisting of nickel and arsenic. It is also extracted from nickel blende and from a sort of iron pyrites. The arsenical ore is found in Central Europe especially in Germany and in the United States. Nickel is largely employed as the base of silver plated goods and is also used alone for various articles such as spoons crucibles etc. It is of great value as an alloy the chief compound for which it is employed being German silver which contains about 20 parts of nickel to 50 of copper and 30 of zinc. Numerous articles for domestic use are made of German silver (qv).

**NIGERIA**—This is the name given to that portion of British territory in the west of Africa which is watered by the river Niger. The total area of the territory is about 330 000 square miles and the population is supposed to be something like 15 000 000.

After a few years of spasmodic settlement the Royal Niger Company was established and a charter granted to it in 1886. Owing to various difficulties however the rights of the company were transferred to the British Crown in 1900 when the territory was divided into Northern and Southern Nigeria with the latter of which Lagos was incorporated in 1906.

The country is very unhealthy near the coast but inland it rises to a considerable elevation and existence is tolerable to Europeans. The whole however is only just being opened up and no great results can be expected for some years to come. It is believed that there are rich deposits of minerals manganese lead and tin but the difficulties of transport are too great at present to make mining a profitable business. The principal products which are exported are palm oil gum copal and rubber. Cocoa cotton and maize are being raised in increasing quantities.

The headquarters of government at Southern Nigeria are at Lagos and of Northern Nigeria at Zungeru. Other towns or trading centres are Calabar Benin Brass Akassa and Forcados in Southern Nigeria whilst Jebba and Lokoja are important places in Northern Nigeria.

There is a weekly communication with the United Kingdom and the time of transit to Lagos is about sixteen days.

For map see AFRICA page 44  
**MISS PRIOUS**—A Latin phrase meaning unless before. The name is usually given in England to the sittings of the courts of first instance in civil cases tried either in the High Court of Justice or at the Assizes. These were the first two words of the old form of the writ summoning parties to

appear at Westminster unless before the appointed day the judges of assize should have come into the county. The Commission of Miss Prious is one of the authorities contained in the commission of assize (qv) giving the persons named therein authority to try civil causes.

**MISS PRIOUS COMMISSION OF**—This is one of the authorities contained in the commission of assize giving the persons therein named authority to try civil causes. The name has a distinctive and interesting history and referred to the summoning of juries to Westminster for the trial of certain issues *miss prious* (i.e. unless before) the date of the summons the judges appointed to hold the assize should come into the county.

**NITRE**—A colourless solid with a saline taste occurring either in the form of prismatic crystals or as a crystalline powder. It is found as an incrustation of the soil of tropical countries especially in India but is now usually prepared artificially by the action of nitric acid upon potash. Chilean nitrate of soda and Stassfurt chloride of potassium being the chief sources of commercial nitre. The chemical symbol of nitre is  $\text{KNO}_3$ . Owing to the large proportion of oxygen it burns rapidly and is therefore largely employed in the manufacture of gunpowder and in pyrotechnics. It is also used for salting meat as a remedy for sore throat and rheumatism and in the preparation of nitric acid. Other names for the same substance are saltpetre and nitrate of potash.

Cubic nitre is nitrate of soda and owes its name to the cube like form of its crystals. It is a white saline nitre occurring as an incrustation of the soil in Bolivia Peru and Chili and sometimes called Chili saltpetre. It is very similar to the ordinary product but is not a suitable ingredient of gunpowder. It forms a useful manure. Its chemical symbol is  $\text{NaNO}_3$ .

**NITRO SWEET**—A volatile inflammable liquid consisting of alcohol and nitrate of ethyl. It is prepared by distilling alcohol with a mixture of nitric and sulphuric acids and copper. The chemical symbol is  $\text{C}_2\text{H}_5\text{NO}_2$ . Sweet nitre has a sharp taste and a rather like smell. It is used medicinally to promote perspiration. It is also known as nitrous ether.

**NITRIC ACID**—Also known as aqua fortis (qv). A yellowish highly corrosive liquid obtained by heating nitrate of sodium with concentrated sulphuric acid. It is the base of an important series of salts known as nitrates and is a powerful oxidising agent attacking and destroying nearly all organic substances. Mixed with hydrochloric acid it is known as aqua regia (qv) and will dissolve gold and platinum. It is used in a diluted form in biliousness but it is chiefly valuable as a remedy for processes. It is also largely employed in chemical engraving etc. and in the preparation of etching derivatives. Its chemical symbol is  $\text{HNO}_3$ .

**NITRO BENZOYL**—Another name for essence of murbane (qv).

**NITRO GLYCERINE**—A yellowish oily explosive compound obtained by dissolving glycerine in a mixture of strong nitric and sulphuric acids. It decomposes quietly when heated slowly but explodes with great violence when struck by a hammer. It is easily used alone owing to the dangerous explosion is the result of the presence of impurities. It is an essential constituent of

dynamite (*q v*), and of blasting gelatine, being mixed in the latter case with gun-cotton. Nitro-glycerine is sometimes used medicinally, but owing to its poisonous properties the doses are minute

**NITROUS ETHER.**—(See NITRE, SWEET.)

**NO ACCOUNT.**—These two words are written upon a cheque by a banker when the cheque is presented to him for payment and the drawer has not, in fact, any account with the bank. If a person draws a cheque in this manner and obtains goods or other valuable things in exchange for the cheque, he is liable to be proceeded against on a criminal charge of obtaining by false pretences (*q v*)

**NO ADVICE.**—Like the words "no account," the words "no advice" are mainly confined to banking, and are written upon a bill of exchange by a banker when the bill has been made payable at his bank and the acceptor has not provided funds or otherwise arranged for its liquidation. The words practically mean this, "I have no instructions as to this bill and therefore cannot pay it." Although the letters N/A are sometimes used as an abbreviation of this expression, it has been proved that it is safer for a banker to write the two words in full in order that complications may be avoided

**NO FUNDS.**—These two words are generally written on the face of a cheque which is presented to a banker when the banker has not in his hands any moneys of the drawer to meet the same

**NOLLE PROSEQUI.**—This is a legal phrase, used in connection with criminal prosecutions, where the Crown intimates to the court that there is no longer any intention of proceeding with a case which has been instituted against a prisoner. This peculiar line is adopted in certain cases where it appears that the evidence is so clearly inadequate that there is not the slightest chance of a conviction being obtained, or where a prisoner has been placed once or more upon his trial and the jury, without acquitting him, have failed to agree upon their verdict

**NOMINAL.**—This word means "in name only." It is used in a number of combinations, such as nominal accounts, nominal capital, nominal consideration, nominal exchange, nominal partner and nominal value

**NOMINAL CAPITAL.**—This is the amount of the capital of a joint stock company authorised by its memorandum of association. It is also known as the "authorised" or the "registered" capital (See CAPITAL)

**NOMINAL CONSIDERATION.**—Sometimes shares in a joint stock company are transferred from one person to another, and no money is paid by the transferee. Also on occasions shares are transferred in a similar manner to a bank or to the nominees of a banker as security for an advance or an overdraft. When such a transfer is made it is usual to insert in the document of transfer a small consideration, the sum being ordinarily 5s., and this is the nominal consideration. A transfer of this kind is subject to a stamp duty of 10s

It is not to be supposed, however, that a transfer of this kind, for a nominal consideration, is freed from the stamp duty which would be payable under different circumstances. For example, a conveyance or a transfer which operates as a voluntary disposition *inter vivos* is liable to the same stamp duty as though it was a conveyance or a transfer on sale, with the substitution in each case of the

value of the property conveyed or transferred for the amount or value of the consideration for the sale. But a conveyance or transfer made for a nominal consideration for the purpose of securing the repayment of an advance or loan is not so charged, the duty remaining at 10s

The Stamp Act, 1891, imposes on all registering officers the duty of satisfying themselves that all instruments of transfer are adequately stamped before they admit them for registration. In a circular in April, 1910, the Board of Inland Revenue point out to all registering officers, who may have to deal with instruments purporting to be properly stamped with the fixed duty of 10s, the necessity of satisfying themselves that the provisions of the law have been complied with in each case before they admit the instrument to registration.

A copy of the form, supplied by the Inland Revenue, on which to supply the required explanation, is given on the next page

Copies of the circulars issued by the Board of Inland Revenue, regarding nominal considerations, will be found under the heading TRANSFER OF SHARES

**NOMINAL PAR.**—This is the value which is stated upon the face of a bond or certificate. If the market price is above or below the nominal or face value, it is said to be "above par" or "below par" (See PAR)

**NOMINAL PARTNER.**—This is a person who has no real interest or benefit in a business which is carried on under, or styled with, his name, but who allows his name to be used in connection with it. If he holds himself out as apparently having an interest in the business he is liable for the debts of the concern as though he was in fact a partner. A person often continues as a nominal partner in a business after he has retired from it, when it is thought that a change of name might damage the reputation which the business has previously enjoyed. By reason of the Limited Partnerships Act, 1907, it is now possible for a person who occupies the position of a nominal partner to limit his liability under certain conditions (See LIMITED PARTNERSHIP, PARTNERSHIP)

**NOMINAL PRICE.**—The price given as the nearest market value of goods and securities which are only slightly dealt in, it being understood that the price exists in name only, and that business may or may not be done at it

**NOMINEE.**—A person named. Sometimes a person who is interested in a business transaction does not wish his own name to be put forward, although he is the individual interested. He therefore names another to take his place, and such person is known as his nominee

**NON-BUSINESS DAYS.**—For the purposes of banking and under the Bills of Exchange Act, 1832, Sundays, Good Friday, Christmas Day, bank holidays as fixed by the Bank Holidays Act, 1871 (and Acts amending the same), and days appointed by Royal proclamation as public fast or thanksgiving days are non-business days. All other days are business days

**NON-CUMULATIVE DIVIDEND.**—When the payment upon preference shares in a joint stock company is confined to each separate year, no notice being taken of a deficiency in a previous year, the dividend is said to be non-cumulative. If, on the other hand, the profits of any particular year are to be utilised for making up deficiencies in other years, the dividend is said to be cumulative.

From

To

Reference of Inquiry	Explanation
Names of Parties	
Name of Company	
<p>Of the circumstances in which the actual market value of the securities transferred is not shown as the consideration—</p> <p>If for instance the transfer is made (1) on a sale (2) by way of gift <i>inter vivos</i> (3) in satisfaction in whole or in part of a pecuniary bequest (4) in liquidation of a debt (5) in exchange for other securities <i>ad valorem</i> duty at the rate of 10 per cent on the value or agreed value of the consideration, is payable. In the case of a transfer by way of gift <i>inter vivos</i> the <i>ad valorem</i> duty is payable on the value of the property transferred and the instrument of transfer must be adjudicated in the solicitor's Department Somerset House.</p> <p>The fixed duty of 10s is payable when the transaction falls within one of the following descriptions—</p> <p>(a) On the appointment of a new trustee or the retirement of a trustee.</p> <p>(b) A transfer as for a nominal consideration to a mere nominee of the transferor where no beneficial interest in the property passes.</p> <p>(c) A security for a loan or a re-transfer to the original transferor on repayment of a loan.</p> <p>(d) A transfer to a residuary legatee of stock etc. which forms part of the residue divisible under a will.</p> <p>(e) A transfer to a beneficiary under a will of a <i>specific legacy</i> of Stock etc.</p> <p>(f) A transfer of Stock etc. being the property of a person dying intestate to the party or parties entitled to it.</p>	
	Signed
	Address
	Dated

19

#### NON CUMULATIVE PREFERENCE SHARES.—

(See PREFERENCE STOCKS AND SHARES)

**NONFEASANCE.**—In legal language this term signifies the omission of something which ought to be done and must be carefully distinguished from malfeasance or misfeasance (*q.v.*). The distinction between these terms becomes of importance in the law of torts (*q.v.*) when damage has arisen through the negligence of a person. A private individual generally speaking is responsible for the consequences of his malfeasance misfeasance or nonfeasance. On the other hand a corporate body is generally only liable civilly for acts of malfeasance or misfeasance and is exempt where the damage has resulted entirely from nonfeasance.

**NON SUIT.**—When an action comes on for trial in a court of law it may happen that the plaintiff is not able to establish his case so he cannot bring forward sufficient evidence to substantiate his claim. In such a state of affairs it is the duty of the presiding judge to put a stop to the proceedings. Technically this is called non-suited the plaintiff and practically it amounts to a judgment

for the defendant but it does not preclude the plaintiff from bringing another action in respect of the same claim if he is able to produce further evidence to assist him.

**NON TRADING PARTNERSHIP.**—When an association is formed for the carrying on of such businesses as those of solicitors farmers or medical men this association is known as a non trading partnership. Whereas in a trading partnership each partner has an implied authority to bind the firm in all matters which are connected with the business generally carried on there is no such authority in the case of a non trading partnership.

**NO ORDERS.**—Where the customer of a country bank accepts a bill payable at a London bank and the London bank has received no advice as to the same it is upon presentation generally marked with the words no orders. Sometimes no advice (*q.v.*) are the words used in stead of no orders.

**NORWAY.**—Feshion Area, and Population. The kingdom of Norway separated politically from Sweden in 1905 forms the western division of the

**Scandinavian Peninsula** It extends from north to south for about 1,000 miles, and its width varies from 20 to 100 miles. In its long and narrow character it may well be compared with Chile. Its area is about 124,000 square miles, or slightly greater than that of the United Kingdom, but its population is less than 2,500,000, and the density to the square mile is only eighteen.

**Coast Line.** The coast of Norway is remarkable for the number of long and narrow fiords, which penetrate the land, and for the numerous fringing islands. The best known fiords are the Hardanger and Sogne Fiords, which wind inland for about 100 miles. In the north are the lofty Lofoten Islands, which are cut off from the mainland by the Vestfjord. The fiords provide excellent harbour accommodation, but give access to no large fertile hinterland.

**Build.** Norway consists of the steep western slope of the old and lofty Scandinavian plateau. The tableland is highest in the south, where are found the broad masses known as the Hardanger Fjeld, Jötun Fjeld, Jöstedals Brac, and Dovre Fjeld Snachätten, in the latter fjeld, rises to the height of 7,570 ft. In the north the Kiolen or Keel Mountains reach heights of nearly 7,000 ft before sinking to the Finmark plateau, and form the boundary between Norway and Sweden for over 400 miles. Numerous streams flow westwards and southwards, their courses are short and rapid, and often broken by cataracts and falls of great height. They are of little use for navigation, but provide excellent water power for manufactures. The Glommen and the Logen are the chief rivers.

**Climate.** Norway lies in the track of the westerly Atlantic winds, and consequently receives a rainfall sufficient for all agricultural purposes. Rain occurs at all seasons, but is heaviest in the winter. A remarkable feature of its climate is its mildness in winter. Westerly winds drive the waters from the warm regions of the Atlantic in a north-easterly direction (the Westerly Wind Drift or the Gulf Stream Drift), causing many of the Norwegian ports to be ice-free in winter, while those of the Baltic in lower latitudes are ice-bound. Again, the warmth set free by the deposition of heavy winter rains aids in raising the temperature. The northern part of Norway is, of course, colder than the southern part. From its latitude it has the advantage of long, hot days in summer, which enable the hardy cereals—barley and oats—to germinate and mature during the short summer. Finmarken, in the north, is the "land of the Midnight Sun." The winters are long, lasting from the middle of October till the middle of April.

**Production and Industries.** *Agriculture* Nearly 60 per cent of Norway consists of bare mountain tracts, 7.5 per cent of lakes and swamps, and 22 per cent of forests. Thus, there is a remarkably small extent of country fit for cultivation, at the present time only about 3 per cent of the entire surface is cultivated. Nevertheless, agriculture is one of the mainstays of Norway, and over 70 per cent of the population live outside the towns. A combination of agriculture and fishing (coastal and deep sea) enable the greater proportion of the people to live. The hardier cereals—oats, barley, and rye—are the chief grown, wheat is only produced in very small quantities in southern Norway. Potatoes are a very important crop, for on them the Norwegian farmer depends largely for his food, they are as much used as in Ireland. The farms, dotted along the river

valleys, are small, but they are utilised to full advantage. The largest tract of arable land lies north of Kristiania. Tourists are lodged in many of the farmhouses in summer, and they provide a useful source of income to the Norwegian farmer in taking out his bare existence. Fruit culture is becoming important in many places. Vast quantities of cherries and apples are produced in the Hardanger district, and the region round the Sogne Fiord is famed for its apples. Doubtless the growing of garden vegetables will become an important industry in the near future.

*The Pastoral Industry.* Cattle, fed chiefly on the meadow lands and along the sides of the fiords, are the chief animals reared. The poor mountain pasture land is only utilised in the summer. Sheep, horses, goats, swine, and reindeer are also reared. Dairying is little carried on.

*The Fishing Industry.* Fishing and agriculture have been the staple industries of Norway from olden times. It is only in very favourable localities that the farmer gets his livelihood purely by farming. The long and deeply indented coast line, together with the favourable feeding-ground for fish off the coast, encourage the industry. The chief fish caught are cod, herring, mackerel, and salmon. The principal centres are Bergen, Stavanger, Trondhjem, Tromsø, and the Lofoten Islands. Cod fishing is the most important of all, and ranges from the Lofoten Islands to Finmarken. It is carried on chiefly from January to May, when the rugged Lofoten Islands vastly increase in population; as many as 40,000 men and boys may assemble in a good season. All parts of the cod are used, being converted into oil, stock-fish, and manure. An excellent market is provided in the Latin countries of Europe for the dried or stock-fish. Fishing is carried on with net and line. The herring fishery, though very important, is neither so vast nor as certain as the cod fishery. From Stavanger to Tromsø is the range of fishing; there are both winter and spring fisheries, but the latter is the more important. The chief market is provided by the Baltic countries. Mackerel fishing is of small extent, and is confined largely to the southern ports of Norway. Salmon are caught in the fiords and at the mouths of the rivers. In the far north there are whale and seal fisheries, and whalers proceed to Iceland and Greenland waters.

*Lumbering* is of great importance, Norway being one of the chief timber countries of Europe. Pine and fir are the chief woods, and their durable character, caused by slow growth and the rigours of winter, make them exceedingly valuable. Wood-pulp for paper-making, is becoming of greater importance. The south and east of Norway are the main timber regions. Most of the farm buildings in Norway are made of timber. In the parts of the country remote from the sea, lumbering occupies a great part of the farmer's time in the winter.

*The Mining Industry.* The mining and metal industry of Norway is unimportant. Copper, silver, iron, and apatite are the chief minerals. Copper is worked at Rorö in the Glommen valley, and silver is mined at Kongsberg, west of Kristiania fiord. Apatite and infusorial earth are found near Stavanger, and a poor quality of iron ore in Dunderland, in the province of Tromsø. Excellent marble and granite quarries are, as yet, little worked.

*The Manufacturing Industries.* The most climate and abundant water-power of Norway could be

# NORWAY & SWEDEN (SCANDINAVIA)

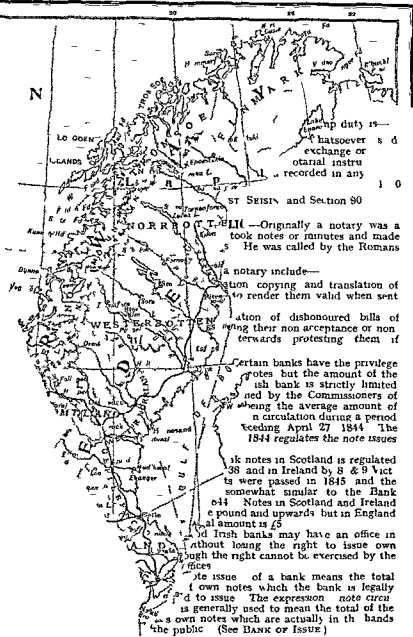
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**NOTE BOOK.**—Any handy book in which orders or memoranda are written

**NOTE CIRCULATION.**—The total amount of notes of a bank which are actually in the hands of the public The note issue represents the amount of own notes which a bank is authorised to issue

**NOTING A BILL.**—(See DISHONOUR OF BILL)

**NOTE OF HAND.**—A term very frequently used to denote a promissory note (7)

**NOTE RETURN.**—If a banker has the right to issue his own notes he must make a return every week to the Commissioners of Inland Revenue and in it he must show the amount of in circulation on each day of the w

Antistars and  
southerly town

bear and discharge and indemnify the firm the partnership property and the other partner against all liability thereunder but subject thereto may take the benefit thereof as his separate property.

- 11 Neither partner shall lend any of the moneys or deliver upon credit any of the goods of the partnership to any person or persons after he shall have been requested in writing by the other partner not to do so or without the consent of the other partner and except when in the ordinary course of business the contrary shall be unavoidable compound release or discharge any debt or security which shall be owing or belonging to the partnership or draw or accept any bill of exchange or promissory note on account of the firm and if either partner shall do so he shall (as the case may be) forthwith pay to the firm the full amount or value of the money so lent or the goods so delivered or the debt or security so released or discharged or the loss incurred by the firm by reason of such composition or solely bear and discharge and indemnify the firm the partnership property and the other partner against all liability under such bill or note
- 12 Neither partner shall without the consent in writing of the other enter into any bond or become bail surety or security for any person or persons or corporation or subscribe any policy of insurance.
- 13 All contracts and engagements entered into by the partners on account of the partnership and all cheques drafts upon bankers bills of exchange promissory notes and other securities receipts and other evidence relating thereto shall be made given and taken respectively in the name of the firm
- 14 The partners shall keep or cause to be kept proper books of account and proper entries shall be made therein of all moneys received and paid and of all the sales purchases contracts engagements transactions and property of the partnership and of all other matters of which accounts or entries ought to be kept or made according to the usual and regular course of the business and the said books of account and all deeds securities bills and papers belonging to the partnership shall be kept at the counting house at 395 Slope Street or at such other place of business of the partnership as the partners shall agree upon and each partner shall have free access at all times to examine and to take copies of the same.
- 15 On the 31st day of March in the year 19 13 and on the 31st day of March in every succeeding year a general account shall be taken by the partners of all the receipts payments sales purchases transactions and engagements of the partnership during the then preceding year and of all the capital stock-in-trade property engagements and liabilities for the time being of the partnership and in taking such account a just valuation shall be made of all particulars requiring and capable of valuation and the said general account shall immediately after the same shall have been taken be written into two books and be signed in each such book by each of the partners and after such signature each partner shall keep one of the said books and shall be bound by every such account except that if any manifest error to the amount of £ 50 or upwards shall be found therein by either partner and signified to the other partner within six calendar months next after the signing thereof by both of them such error shall be rectified
- 16 The partners shall be entitled to the net profits of the said business (after paying all expenses and interest on capital as set out in clauses 3 and 5 hereof) in the following proportions the said James Smith to three fifth parts thereof and the said Thomas Jones to the remaining two fifth parts thereof and the same shall be carried to their credit respectively in the books of the partnership immediately after every such annual account as aforesaid shall have been taken and signed and may be drawn out at pleasure
- 17 The said James Smith shall be at liberty to draw out of the profits of the business for his own use (in anticipation of his share in the net profits) any sum not exceeding the sum of £ 3 per week and the said Thomas Jones shall be at liberty so to draw out of the said profits for his own use any sum not exceeding the sum of £ 2 per week but if at the end of any year of the partnership it shall appear upon taking the general account that the amount which either partner is entitled to receive for interest on capital brought in or advanced by him and his share for that year of the net profits of the business is less than the total amount which he shall have drawn out in pursuance of this clause during that year he shall forthwith repay to the partnership the difference between the amount so drawn out by him and the amount which he is entitled to receive as aforesaid
- 18 Within six calendar months after the expiration of the partnership otherwise than by the death of either partner a general account shall be taken by the partners of all the capital property engagements and liabilities of the partnership and immediately after such last mentioned account shall have been so taken and settled the partners shall forthwith make due provision for the payment of the debts meeting all other liabilities of the partnership and subject thereto the capital of the partnership divided between the partners in the proportions in which they shall be entitled to the same residue of the property of the partnership divided between the partners in the

proportions in which they are entitled to the net profits of the partnership and all such deeds or instruments in writing shall be executed by the partners respectively for facilitating the getting in of the debts due to the partnership and for vesting the various parts or particulars of the partnership property in the partners to whom the same respectively shall upon such division belong, and for releasing to each other all claims on account of the partnership and otherwise as are usual in similar cases

19 If either partner shall die during the partnership his executors or administrators shall be entitled to—

- (1) The amount of the sum brought in and any further advances made by him to the capital of the partnership
- (2) The amount of what shall be due to him for interest unpaid thereon up to the day of his death
- (3) The amount if any ascertained or to be ascertained by the annual account which was or should have been or should be taken on the annual account day next before his death or if he shall die on some annual account day on the day of his death to be due to him for his share in the net profits of the business and remaining at the time of his death unpaid to or not drawn upon by him
- (4) If he shall die on any other day than an annual account day an allowance in lieu of net profits equal to interest at the rate of £ 5 per cent per annum on the amount of his aforesaid share in the capital of the partnership to be calculated if he shall die before the first annual account day from the commencement of the partnership and if he shall die after that day then from the annual account day next before his death. And the said executors or administrators shall give credit for all sums drawn out by him since the commencement of the partnership or the last annual account day as the case may be

The amounts to which the said executors or administrators shall be so entitled for interest on capital and share of and allowance in lieu of net profits shall be paid to them by the surviving partner on demand but the amount to which they shall be entitled for the deceased partner's said share in the capital of the partnership shall be paid to them by the surviving partner by three equal instalments to be payable together with interest thereon at the rate of £5 per cent per annum from the date of the death in the manner following (that is to say) the first of such instalments with the interest then due thereon and on the principal amount then remaining unpaid at the expiration of six calendar months after the death the second of such instalments with the interest then due thereon and on the principal amount then remaining unpaid at the expiration of twelve calendar months after the death and the third of such instalments with the interest then due thereon at the expiration of eighteen calendar months after the death. And the payment of the said instalments and interest shall be secured by the bond of the surviving partner in a sum of double the amount of the principal money to be paid conditioned to be void on payment of the said instalments and interest in manner aforesaid. And subject to the rights by this 19th clause of these presents secured to the said executors or administrators the whole of the property (including the goodwill) of the partnership shall as from the day of such death belong to the surviving partner and all the liabilities of the partnership shall as from that day be discharged by the surviving partner. And all such assurances releases and instruments shall be executed by the said executors or administrators and the surviving partner respectively as shall be necessary or expedient to vest all the property of the partnership in the surviving partner alone and otherwise to give effect to the provisions of this clause and amongst other instruments a bond in a sufficient and reasonable penalty shall be executed to the said executors or administrators by the surviving partner his executors or administrators for indemnifying the heirs executors or administrators estate and effects of the deceased partner against all the liabilities of the partnership at or after such death and all actions proceedings expenses claims and demands on account of the same.

20 Whenever any difference or dispute shall arise between the parties hereto or their respective executors or administrators touching these presents or any thing herein contained or provided for or the operation hereof or any of their respective rights duties or liabilities hereunder or under the partnership hereby constituted or otherwise in connection with the premises the matter in difference or dispute shall be referred to two arbitrators or their umpire one of such arbitrators to be appointed by each party pursuant to and so as with regard to the mode and consequences of the reference and in all other respects to conform to the provisions in that behalf of the Arbitration Act 1889 or any subsequent statutory modification thereof

In witness whereof the said parties to these presents have hereunto set their hands and seals the day and year first above written.

Signed Sealed and Delivered by the above-named or the presence of

Alfred Johnson

294 Leic<sup>st</sup> Square

1st Feb

1894

John Smith

Thos J. G. S.

LS

LS





When the drawer wishes to cancel his order to stop payment, it should be done in writing and be signed by him.

When a drawer wishes to stop payment of a cheque, he is entitled to do so during the usual business hours, and if a banker pays a cheque before the commencement of business or after the doors are closed, he incurs the risk of paying a cheque which may be "stopped" as soon as the drawer has the opportunity.

With regard to the stoppage of payment of a cheque by telegram it has been held that a telegram may reasonably be acted upon to the extent of postponing payment of a cheque pending inquiry, but it is not quite clear that a bank is bound to accept an unauthenticated telegram as sufficient authority upon which to refuse to pay a cheque.

If a banker agrees to pay a cheque, at the request of the holder, by marking or accepting it for payment, or if in answer to a telegram or a telephone message he replies that the cheque will be paid, he must pay the cheque when presented. But if, in the meantime, the drawer has stopped payment of it, the banker cannot charge it to the drawer's account (See *MAPKIN & CHOU*.)

Although a drawer has the right to stop payment of a cheque drawn by him, yet if the payee has negotiated the cheque, any subsequent *bona fide* holder for value can sue the drawer, provided that the cheque was not crossed "not negotiable" (See *LOST BILL OR EXCHANGE*.)

**PAYMENT STOPPED (NOTES).**—A banker cannot refuse payment of notes issued by himself. A holder for value without notice that the note has been lost or stolen may compel the banker to pay it, but where a note is presented payment of which has been stopped a banker should exercise the utmost care and make full inquiries before cashing it.

The Bank of England makes a charge of 2s 6d for registering a notice to stop payment of a note.

**PEACE, COMMISSION OF THE.**—This is one of the several authorities conferred by the commission of assize, giving the judges power to inquire into the crimes committed within the district comprised in the commission. It is practically the same as the commission of oyer and terminer (*qv*).

**PEACH.**—The delicate, juicy fruit of a tree belonging to the order *Rosaceæ*. The smooth variety is known as nectarine. The peach tree is of the same genus as the almond, and its leaves and flowers greatly resemble the latter in their odour. The smooth, compact wood is occasionally employed in cabinet making and turnery. The peach tree is grown in all temperate regions, particularly in the United States, which does a large export trade in both the fresh and the tinned fruit. Peaches are also very common in the South of Europe.

**PEAR.**—The fruit of the *Pyrus communis*, of which there are numerous varieties. Pear trees are found in all the temperate regions of Europe and Asia, and they are largely cultivated in the West of England, where a fermented liquor, called perry (*qv*), is obtained from the fruit.

**PEARL.**—The valuable gem obtained from various molluscs, of which the principal are known as pearl oysters. Good specimens may also be procured from fresh-water molluscs. These molluscs have an iridescent internal lining formed by means of a secretion, and known commercially as mother-of-pearl (*qv*). The pearls themselves are the result of an irritant, such as a grain of sand or a parasite,

which becomes coated over with the nacreous secretion, and assumes a rounded form. In colour, pearls are usually white, but they may be either black or pink, and they vary in value according to their size and purity. Ceylon has long been famous for its pearl fisheries, and so has the Persian Gulf; but pearls may now be obtained also from the West Indies, Australia, and California.

The French are noted for their skill in producing imitation pearls, and the Chinese obtain an artificial product by introducing a foreign substance under the shell of the mussel. This substance then takes the place of a parasite in forming the nucleus of the pearl.

**PECHERS.**—(See *FOREIGN FREIGHTS AND MEASURES—GRIEVE*.)

**PECK.**—This is a dry measure which contains 2 imperial gallons, or 554½ cubic inches. The fourth part of a bushel.

**PEDLARS.**—By the Pedlars Act, 1871, the term "pedlar" includes any banker, petty-chapman, tinkler, mender of chains, or other person, who, without any horse or other beast of burden, travels and trades on foot and goes from town to town, or to other men's houses, carrying to sell, or exposing for sale, any goods, wares, or merchandise, or procuring orders for goods, wares, or merchandise immediately to be delivered or selling or offering for sale his skill in handicraft.

No person is allowed to act as a pedlar unless he is above seventeen years of age, and holds an annual certificate from the chief officer of police of the district in which he has resided for at least one month prior to his application. This police certificate has practically the same effect as a hawker's licence. The cost of it is 5s. In case of refusal of a certificate by the police, the applicant may appeal against the refusal to a court of summary jurisdiction of the district. In order, however, to be heard, notice of the intention to appeal must be given within a week of the refusal on the part of the police.

It is an offence punishable on the first occasion with a fine not exceeding 10s., and on the second occasion with a fine not exceeding £1, to act as a pedlar without a certificate. In default of payment, or in default of distress, *re*, having goods sufficient to cover the fine, an offender can be imprisoned, but without hard labour.

The following are exempt from taking out a certificate—

(1) Sellers of victuals, this term being held to mean anything which constitutes an ingredient in any food consumed by man.

(2) Commercial travellers, or other persons, selling or seeking orders for goods to or from dealers therein, who buy to sell again.

(3) Persons selling or seeking orders for books under a written authority from the publishers.

(4) Persons selling or exposing for sale goods or merchandise in any public mart, market, or fair legally established.

A pedlar must, on demand being made of him, produce his certificate to any constable, or to any justice of the peace, or to any person to whom he offers his goods for sale, or to any person in whose private grounds or premises he happens to be. Lending a certificate and forging the same are offences against the Act of 1871 for which varying penalties are prescribed.

As to the difference between a pedlar and a hawker, see *HAWKERS*.





cent, i.e., so much per £100. The following table gives the amount in the £, and from it any percentage calculation for any sum may be made with the utmost facility

	s	d	
$\frac{1}{4}$ per cent	= 0	0 $\frac{1}{2}$	in the £
$\frac{1}{2}$ "	= 0	1 $\frac{1}{2}$	"
1 "	= 0	1 $\frac{1}{2}$	"
1 $\frac{1}{4}$ "	= 0	2 $\frac{1}{2}$	"
1 $\frac{1}{2}$ "	= 0	3	"
1 $\frac{3}{4}$ "	= 0	3 $\frac{1}{2}$	"
2 "	= 0	4 $\frac{1}{2}$	"
2 $\frac{1}{4}$ "	= 0	4 $\frac{1}{2}$	"
3 "	= 0	6	"
3 $\frac{1}{4}$ "	= 0	7 $\frac{1}{2}$	"
4 "	= 0	9	"
5 "	= 0	9 $\frac{1}{2}$	"
6 "	= 1	0	"
7 "	= 1	2 $\frac{1}{2}$	"
7 $\frac{1}{4}$ "	= 1	4 $\frac{1}{2}$	"
10 "	= 2	0	"
12 $\frac{1}{2}$ "	= 2	6	"
15 "	= 3	0	"
20 "	= 4	0	"
25 "	= 5	0	"
33 $\frac{1}{4}$ "	= 6	8	"
50 "	= 10	0	"
75 "	= 15	0	"

**PERCH.**—In linear measure, this is a length of  $5\frac{1}{2}$  yards. In surface measure, it is the square of  $5\frac{1}{2}$  yards, or  $30\frac{1}{4}$  square yards.

**PER CONTRA.**—A term used in book-keeping and accounts, generally to mean "on the other side."

**PER DIEM.**—By the day.

**PERFUMES.**—The most important perfumes are noticed under their respective headings.

**PER MILLE.**—By the thousand. It is a charge made by bill brokers on the issue of foreign drafts. The abbreviated form, in which it is mostly met with, is ‰. Thus, 5 per thousand is indicated in the following manner: 5 ‰.

**PERILS OF THE SEA.**—A phrase used in maritime insurance policies and bills of lading. It has reference to the damage and accidents likely to be incurred by a vessel on a voyage, the risks of which are taken by the underwriters in the policy.

**PERJURY.**—This offence, which is a misdemeanour, consists in wilfully, corruptly, and falsely swearing, in the course of a judicial proceeding, to some fact which is material to the issue. It is sufficient, according to a great legal authority, if the assertion is one which the assessor does not believe to be true when he makes it, or on which he knows himself to be ignorant. Unless, however, the proceeding is judicial, false swearing will not, in the absence of express provision, amount to perjury, even when the taking of the oath is exacted by Act of Parliament. Perjury is constituted when the witness affirms in a proper manner, and in such a way as is binding upon his conscience, just as though he had taken the oath. In order to support a charge of perjury, two witnesses are generally necessary, or the evidence of one witness must be corroborated in some important particular. The extreme penalty which can be imposed is seven years' penal servitude. There are various false statements and oaths which are punishable by statute, although the same do not amount to perjury. If any person induces or procures another to give false testimony, he is guilty

of what is known as subornation of perjury, the punishment for which is the same as for perjury.

**PERMANENT BUILDING SOCIETY.**—A society which has not, by its rules, any fixed date or specified result at which it shall terminate. (See BUILDING SOCIETY.)

**PERMITS.**—This is used to signify either permissions from a Custom House officer to remove goods upon which duty has been paid, or permissions from the Excise to allow goods, subject to Inland Revenue duty, to be removed from one place to another.

**PERPETUAL ANNUITY.**—The right to an annual payment of a certain sum in perpetuity. The purchaser cannot obtain the principal back, but he can sell his right to the annual payment to someone else. The interest on the National Debt is an example of a perpetual annuity. (See ANNUITY.)

**PERPETUAL DEBENTURE.**—Section 103 of the Companies (Consolidation) Act, 1908, states that a condition contained in any debentures or in any deed for securing any debentures, shall not be invalid by reason only that the debentures are made irredeemable, or redeemable only on the happening of a contingency, however remote, or on the expiration of a period, however long, any rule of equity to the contrary notwithstanding.

Although the debentures may be called irredeemable or perpetual, they are nevertheless redeemable when the company goes into liquidation. The effect of a debenture of this nature is to grant an annuity in perpetuity to the holder thereof. (See DEBENTURE.)

**PERPETUATING TESTIMONY.**—Sometimes it may happen that there is a possible chance of some claim to a title of honour or some claim to an estate being made at a future date, although circumstances are such that no action can be brought as to the matter at the present time. It is also possible, under the condition of things, that there are at present in existence certain persons whose evidence is most valuable, and who may not, owing to the lapse of time, be available when an action comes on for trial. The court will allow such evidence to be taken in advance, if the proper means are adopted. In the first place, the court must be satisfied as to the desirability of taking such evidence. Then an examiner is appointed, who acts as a kind of judge; the witness gives evidence, and he or she is examined and cross-examined in the usual way. Full notes are taken, and the signed evidence is filed. It is thus ready for use at any time if the matter in dispute ever goes so far as to necessitate an action being brought into court.

**PERPETUITY.**—For the preservation of family estates, efforts have been made at various times to tie up the same for an indefinite period, the holder for the time being not having any power to split them up or to dispose of them. This policy was clearly a disadvantage to the community, but the astounding result of permitting an unrestricted right of this kind to exist was not clearly demonstrated until the latter part of the eighteenth century, when the remarkable will of a Mr. Thellusson attracted the attention of Parliament. It is now only possible to tie up estates for well-defined periods, and these are set out in the article on ACCUMULATION.

**PER PROCURATION.**—When a person signs a document as agent or on behalf of another, he preceeds his signature by the words *per procuration* of.

*per pro* or *pp* and this means that he possesses an authority to sign or to act on behalf of his principal. (Although *per procurator* are the words generally used this is a clumsy phrase. It is really *per procuratorum* and thus the English ought to be rendered by *procurator*.)

By Section 25 of the Bills of Exchange Act 1882—

A signature by *procurator* operates as notice that the agent has but a limited authority to sign and the principal is only bound by such signature if the agent in so signing was acting within the actual limits of his authority.

But although an agent is not personally liable if he signs for or on behalf of his principal and clearly indicates that he is signing only in a representative capacity, he cannot escape personal liability if he only adds some word as agent to his name as descriptive of himself. Thus if A B signs thus—

On behalf of the X Y Co Ltd A B he is not personally liable but if he signs A B agent of the X Y Co Ltd he will be personally bound.

The usual form of a *per procurator* signature is—

*per pro* John Jones  
James Brown

or

*pp* John Jones  
James Brown

In Scotland the name of the agent very often precedes the name of the principal thus—

James Brown *per pro* John Jones.

**PEPQUISITES**—The fees which are legally allowable for some specific service.

**PERRY**—A sweet beverage containing from 5 to 9 per cent of alcohol prepared from the juice of pears and sometimes known as *pear wine*. The same process is adopted as in the case of cider (*qv*) and the manufacture is carried on in the same district viz in the Western counties. Perry is used to adulterate cheap champagne and sometimes it is offered as a substitute for the latter.

**PERSIA**—Position, Area, and Population. Persia lies to the east of Asiatic Turkey and between the Caspian Sea and the Persian Gulf. Its area is estimated to be 628 000 square miles or over seven times that of Great Britain but its population is only about 9 500 000.

**Coast Line**—Its coast line on the Persian Gulf is fairly regular and there are few good harbours. Bandar Abbas, Lingah and Bushire are ports of minor importance.

**Build**—Persia is largely made up of tablelands rising to heights of 3 500 ft. and over. The Zagros Range forms the gigantic frontier wall between Persia and Asiatic Turkey while in the north lies the lofty Elburz Range with Demavend (19 000 ft.). About one-third of the country is occupied by deserts and saline wastes considered to be irreclaimable and useless. The most fertile tracts include the north and north west and the alluvial lowlands at the head of the Persian Gulf. Two rivers only are worthy of mention—the Saffirudj flowing into the Caspian near Enzeli and the Karun a tributary of the Shatt-el Aral the only navigable river of Persia and that only for small steamers.

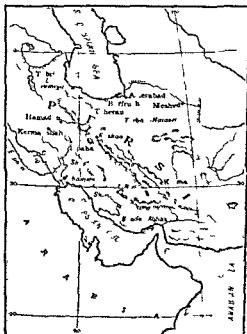
**Climate**—The climate naturally varies according to the locality but, speaking generally, the winters are intensely cold and the summers hot over the greater portion of the country. The slopes of the north west mountains and the Elburz Range receive

a rainfall sufficient for ordinary agriculture it probably varies from 20 to 40 in. and over. At Teheran the capital it sinks to 12 in. and in the central region to under 10 in. Irrigation is thus a prime necessity in this Land of the Lion and the Sun.

**Productions and Industries**—Agriculture is important in Persia and most of the products are of the Mediterranean type. Irrigation farming is carried on in most of the country. Wheat, barley, millet, maize and the vine are produced in the valleys and cotton tobacco and the opium poppy on the plains. Rice, jute and the sugar cane are grown to a limited extent. Many medicinal and dye yielding plants are raised and gums are abundant. Tragacanth being specially important. Delicious fruits such as peaches, oranges and lemons flourish in many parts. The date-palm is cultivated in the south and east. Silk is an important product in the Caspian provinces and in the neighbourhood of Yazd. Shiraz is world famed for its rose gardens.

**The Pastoral Industry**—The country is in many respects suited to the pastoral industry. Fat tailed sheep, goats and camel are reared and provide raw material for Persian carpets and felted cloth. Fine breeds of horses are reared also.

**The Mining Industry**—Minerals are abundant but little worked, owing to distances from ports and markets, poor transportation facilities and scarcity of fuel and water. Mines of lead and copper have been worked to a limited extent from early times.



**The Fishing Industry**—The pearl fishing industry of the Persian Gulf has its centres at Bahrein and other Arab islands and ports. Natives of India control the trade; they take the pearls to Lingah for transport to Bombay.

**The Manufacturing Industries**—Persia is celebrated for its carpets which are made by hand.

The chief districts are Kurdistan, Khorassan, Ferahan, and Kherman. Yezd and Ispahan are noted for woollen felts. Other industries include the making of brass and copper vessels, and inlaid metal and wood work.

**Communications.** The means of communication are very poor in Persia. It lacks navigable rivers and good roads, and has only one railway 6 miles long from Teheran to Shah-Abdul-azim. Traffic must be carried on by caravan, and must generally follow the river valleys. The build of the country will always be a hindrance to trade, and improvements in transport facilities are of prime importance to Persia's trade. From Bushire a difficult mule-caravan road leads by Shiraz to Teheran, and from Bandar Abbas another difficult route crosses the mountains into the interior. Teheran is also connected with Tabriz, Resht, Ispahan, Yezd, and Kerman by more or less difficult routes. Tabriz is the centre of the caravan trade with Trebizond on the Black Sea, and Kerman controls the overland trade with India. The principal ports are Bandar Abbas, Bushire, and Lingah on the Persian Gulf, and Enzebi, Meshed i Sar, and Bender i Gez on the Caspian.

**Commerce.** The chief exports are pearls, opium, raw silk, gums, carpets, drugs, dyes, coral, and horses. The principal imports are cottons, sugar, tea, wheat, and flour. The main trade is with Russia and the United Kingdom. Russia's trade is fast increasing in the north.

**Trade Centres.** There are two distinct classes of people in Persia. (1) The town dwellers (Tajiks) and (2) the nomad pastoralists (Illyats). The chief towns are caravan centres. Teheran (280,000) and Tabriz (200,000) are the most important. Eleven other towns have populations exceeding 30,000.

*Teheran*, the capital, lies on a riverless plain at the base of the Elbûr Mountains. It is a great trade centre, and contains the palace of the Shah.

*Tabriz*, the commercial capital, is in the north-west, and is surrounded by well-watered gardens.

*Ispahan*, the old capital, lies in the centre of Persia. It stands in a productive region, and is an important trade centre.

Other towns are: *Meshed* (capital of Khorassan, trade centre, and a sacred city), *Kerman* (trade centre, and noted for carpets), *Shiraz* (famed for its roses and nightingales), and *Yezd* (trade centre, noted for woollen felts).

Recent years have seen disorder in Persia, and a tendency on the part of the inhabitants to secure a constitutional government.

Mails are despatched daily to Persia via Russia, and every Friday via Bombay. The time of transit to Teheran is a little over twenty days.

**PERSIAN BERRIES.**—The fruit of the *Rhamnus catharticus*, or common buckthorn, from the juice of which a colouring matter is obtained.

**PERSIAN POWDER.**—An insect destroyer obtained from the powdered leaves of the *Pyrethrum carneum* and the *Pyrethrum roseum*, which grow wild in Persia and the Caucasus.

**PERSIMMON.**—The Date Plum of America. The fruit resembles an ordinary plum. The timber is hard and elastic, and the bark is used medicinally. The name is often applied to other trees of the same genus, including varieties grown in China and Japan, the fruit of which is noted for its size.

**PERSONAL ACCIDENT INSURANCE.**—(See INDEMNITY INSURANCE.)

**PERSONAL ACCOUNTS.**—The accounts of persons with whom business is done, i.e., those who give credit and those to whom credit is given, and comprising both ordinary trade creditors and debtors, and also the persons to whom money is lent and those from whom it is borrowed.

Strictly speaking, the Cash and Bank Accounts are personal accounts with the cashier and with the bank respectively. (See DEBTORS' LEDGER AND CREDITORS' LEDGER.)

**PERSONAL CHATTELS.**—(See CHATTELS.)

**PERSONAL ESTATE.**—(See PERSONALTY.)

**PERSONAL SECURITIES.**—Securities which give to the holder of the same a claim upon a person for money advanced or services rendered, and which are not otherwise provided for.

**PERSONAL SECURITY.**—An advance is said to be made upon personal security when another person becomes surety or guarantor for the amount. The term is used to distinguish the security from a deposit of deeds, or certificates or any other form of impersonal security.

**PERSONALTY.**—Property such as money, goods, furniture, stocks, and shares is personal estate, or personalty. Leasehold property, even a lease for 999 years, is included in personalty. (Freehold and copyhold property is "real estate" or "realty.") When real estate is directed by will to be sold, it is regarded as personalty. The benefit of a mortgage is included in personalty.

The words used in a will with respect to the disposal of personal property differ from those used in connection with real property. Personalty is bequeathed and the beneficiary is called a legatee, realty is devised and the beneficiary is termed a devisee. (See REALTY.)

**PER STIRPES.**—This is a Latin phrase, meaning "by the roots." It is used in contradistinction to another Latin phrase, *per capita*, which means "by the heads." The difference will be made clear by the following example. A man leaves a sum of money to be divided equally amongst his five sons, and if any of them die before the testator, the prospective share of each of the sons who so die is to be divided equally amongst the son's children. These children, then, take amongst them the share which would have fallen to their deceased parent, and not an equal share of the full sum of money left by the testator. The division is made according to the roots, i.e., the five sons, and not according to the number or heads of those who are to share in the beneficence of the testator.

**PERU.**—Position, Area, and Population. Peru lies on the Pacific side of tropical South America, with Ecuador on the north, Brazil and Bolivia on the east, Chile on the south, and the Pacific Ocean on the west. The estimated area is 695,700 square miles, and the estimated population about 5,000,000 (probably the population is much less than this). Inca Indians (57 per cent) make up the bulk of the population, and they still speak the old Quichua language. Half-castes are also numerous, and there is a small proportion of Spaniards, Negroes, and Chinese.

**Coast Line.** The coast line, extending from 31° to about 18° south latitude, is fairly regular, and contains no really good harbour.

**Build.** Peru divides into three well-marked zones. (1) The Coast Region, averaging 20 miles in width, consisting of a desert, but with fertile strips, where it is crossed by rivers flowing from the Andes; (2) the Andes Region of valleys and tablelands, drained

ly the Amazon and its tributaries the Hualaga and Ucayali, and (3) the Montaña Region of low lying tropical river valleys with impenetrable Amazonian forests (selvas.) Lake Titicaca the largest lake of South America lies partly in Peru.

**Climate.** The main controlling climatic factors are the latitude, the altitude and the direction of the winds. The Montaña region receives a very heavy rainfall from the south-east trade winds. But the prevailing wind along the coast is from the south and coming from a cooler to a warmer region it deposits no rain, thus the coastal strip is practically rainless. It also experiences very high temperatures, neither altitude nor cool winds temper its heat. The Puna and Titicaca tablelands



of average heights exceeding 12 000 ft. are well above the limit of tree growth and of most cereals.

**Products and Industries.** *Agriculture* in the coast districts is dependent on irrigation; the chief crops are cotton, sugar, maize, rice, tobacco. The vine is successfully grown and silk culture is being tried in the coast region. Excellent maize is produced and the potato flourishes in the Andean valleys. There are vast areas of Peru suited to European cereals but Peru still imports wheat from Chile. Central Peru produces much coffee. On the eastern slopes of the Andes cocoa, cinchona, coffee, coca, tobacco and rubber are raised in large quantities.

**The Pasto al Industry.** On the mountains and tablelands the alpaca and vicuña and their wool provides a source of wealth peculiar to Peru. Sheep and cattle are reared in large numbers.

**The Mining Industry.** The mineral resources of Peru are great and comprise gold, silver, copper, lead, zinc, nickel, iron, quicksilver, coal, salt and cobalt. The chief centres are Pasco and Puno (silver), Huancavelica (mercury), Puno and Iquitos (copper). Small quantities of guano are obtained from the island of Lobos de Afuera and some

places along the coast. Mining suffers from poor transport facilities and the most active mining companies are American.

**The Manufacturing Industries.** Straw hats are plaited in the north and at Lima and Cuzco coarse woollen blankets and cloth are woven. Other manufactures include leather, soap, matches, furniture, wines and olive oil.

**Communications.** Good roads are greatly needed all over the country and efforts are being directed towards their construction. Pack mules are largely used for inland trade and the llama is used on the Andes as a beast of burden. Two railways climb from the coast to the Andes: (1) From Callao through Lima to Oroya, tunnelling the Andes at a height of 15 665 ft. and (2) from Mollendo by the Arequipa Pass (14 660 ft.) to Puno. Electric railways connect Lima with Chorrillos and Callao. The Peruvian Corporation works a navigation system on Lake Titicaca and the river Desaguadero. In the forest regions transportation is easy, once the navigable rivers are reached and steamers ply down the Amazon from Iquitos.

**Commerce.** The chief exports are sugar, cotton, wool (llama, vicuña and sheep), nitrate of soda, silver, rubber, coca leaves and Peruvian bark. The chief imports are textiles, iron and steel goods, coal and wood work. Trade is carried on mainly with the United Kingdom, the United States and Germany. The two principal ports are Callao and Trujillo (Huanchaco and Salaverry are the latter's ports).

**Trade Centres.** The trade centres are practically confined to the coast and the Andean plateau. The largest towns are Lima (130 000), Arequipa (35 000), Callao (31 000) and Cuzco (15 000).

Lima, the capital, is situated near the base of the coast range and a few miles from its port, Callao. Other towns are Payta, Eten, Pisco, Chicla, Chimbote, Pisco, Mollendo and Arequipa (small ports), Cerro de Pasco, Cuzco and Puno (inland mining centres), and Arequipa (agricultural centre).

Iquitos deserves special mention as it is becoming an important centre for the rubber industry on the upper tributaries of the Amazon. It is situated close to the junction of the four large rivers which unite to form the Upper Amazon—the Ucayali, Marañon, Tigre and Napo. Hence it is the port of outlet and inlet for the products and purchases of the valleys of these rivers and their tributaries.

Mails are despatched by various routes about once a week and regularly via Southampton once a fortnight. Lima is a little over 7 000 miles distant from London. The time of transit is nearly thirty days.

**LIPU BALSAM.**—The fragrant exudation of a South American tree. The balsam, which is somewhat bitter in taste, resembles molasses in appearance. It is employed medicinally as a remedy for asthma and is also used in confectionery and perfumery. (See BALSAM.)

**PERUVIAN BARK.**—(See CINCHONA.)

**PESETA.**—(See FOREIGN MONIES—SPAIN.)

**PISO.**—(See FOREIGN MONIES—ARGENTINE, CHILE, COLOMBIA, ECUADOR, MEXICO, PHILIPPINES.)

**PETITION.**—(See BANKRUPTCY PETITION.)

**PETITIONING CREDITORS** (and see BANKRUPTCY PETITION).—Any person who can take proceedings to recover a debt at law or in equity may present a bankruptcy petition. A company or corporate body may do so in the corporate name even against one of its shareholders, while a liquidator may present a petition in the name of the

company A building society may present a petition signed by its secretary, and the right of the secretary to do so need not be verified by affidavit The following persons may also petition: An infant by his next friend, an executor who has obtained probate, a trustee in bankruptcy; an alien, if he can sue for the debt, and joint creditors, if they all sign

A petition will not necessarily be dismissed because the petitioner is the one and only creditor of the bankrupt, nor is the creditor himself the only person entitled to petition. Thus a man who has obtained a valid absolute assignment by writing may present a petition, although the avowed object of the assignment is to enable the assignee to institute bankruptcy proceedings It has been held that the following persons cannot present a petition A husband, in respect of a debt due to his wife as administratrix, and a creditor, if the act of bankruptcy on which he relies is one to which he has himself been privy Thus a creditor who has been party to a deed of assignment for the benefit of the creditors generally could not found a petition upon that deed as an act of bankruptcy. (See DEED OF ASSIGNMENT.)

**PETROLEUM.**—This name is derived from two words meaning "rock" and "oil" respectively, which explain both the origin and the nature of the substance indicated Thus inflammable liquid consists of a mixture of hydrocarbons, chiefly paraffins, olefines, and naphthenes, and is said to be produced by the natural distillation of coal and shale beneath the earth's surface At Baku, in Russia, there are some noted natural springs of petroleum, but in many cases boring and pumping are required to bring the oil to the surface In its natural condition, petroleum is a thick, brownish liquid, with an objectionable smell As a result of fractional distillation, three classes of products are obtained They are (a) highly inflammable light oils, such as benzene and naphtha, which are used as fuel for internal combustion motors, as solvents, and in dry cleaning processes, (b) illuminating oils, known as kerosene, paraffin, etc; (c) heavy oils left after the first two classes have been distilled off, and valuable as lubricants, and sometimes, as in the case of vaseline, in pharmacy A series of important bye-products are obtained from petroleum These include lamp-black, coal tar, oil of mirbane (qv), and dyes of various sorts The United States is the chief exporting country, and Russia comes next In Russia, petroleum naphthenes predominate, while the American product contains a larger proportion of olefines Petroleum is also found in Germany, Roumania, Burmah, and Canada

**PETROLEUM, LAW RELATING TO.**—In the Acts of Parliament which have been passed in order to minimise the risks incurred in storing, carrying, and exposing for sale, this inflammable and explosive substance, there is included under the term *petroleum*, "any rock oil, Rangoon oil, Burmah oil, oil made from petroleum, coal schist, shale, peat, or other bituminous substance, and any products of petroleum or any of the above-mentioned oils", and the Act of 1871 applied only to such petroleum as, when tested in the manner prescribed in the schedule of the Act, gave forth an inflammable vapour at a temperature of less than 100° F, but this was altered by the Petroleum Act, 1879, 73° F being substituted for 100° F, and a different test specified in the first schedule of the Act Every harbour authority

must frame and submit for confirmation to the Board of Trade, by-laws regulating the places in the harbour for the mooring of steamers carrying petroleum and for landing the cargo The penalty for a breach of these regulations is a fine not exceeding £50 for each day during which such contravention continues, and the harbour authority can further move such ship or cargo, or cause them to be moved at the owner's expense to such place as may be in conformity with the by-law

The owner or master of a ship carrying petroleum must, under a penalty not exceeding £500, on entering any harbour within the United Kingdom, give notice of the nature of his cargo to the harbour authority

If petroleum to which the Act applies (a) is kept at any place except during the seven days next after it has been imported, or (b) is carried from one place in the United Kingdom to another, or (c) is sold or exposed for sale, the vessel containing the petroleum must have a label describing the petroleum, with the addition of the words "highly inflammable," and also the name and address of the consignee or owner, the sender, or the vendor, as the case may be The penalty for infringing this regulation is forfeiture of the petroleum and the vessel containing it, and, in addition, a fine not exceeding £5 for each offence

Petroleum may not be stored in any place except by licence of the local authority, as defined by the Act, but a licence is not required where the aggregate amount does not exceed 3 gallons, and it is kept in separate glass, earthenware, or metal vessels, each securely stoppered, and each containing not more than a pint What is meant by the local authority is, by Section 8 of the 1871 Act, defined to be—

"the corporation, town council, or the urban or rural district council, as the case may be, and in any harbour, the harbour authority to the exclusion of any other local authority."

The penalty for storing without a licence (where a licence is required) is forfeiture of the petroleum, and the occupier of the place is also liable to a fine not exceeding £20 for each day during which the petroleum is so kept

Any person who has a licence to keep petroleum under the 1871 Act may, subject to any laws in force affecting hawkers and pedlars, hawk such petroleum by himself or his servants, provided he does not carry more than 20 gallons at any time in one carriage, and the petroleum is in a closed vessel that does not leak, and is conveyed in a properly ventilated carriage, so constructed and fitted that the petroleum cannot escape therefrom in the form of a liquid No fire or light or article of an explosive or inflammable nature may be brought into, or dangerously near to, the carriage The petroleum must be stored in duly licensed premises every night, and also whenever it is not being hawked, and all due precautions must be taken to prevent accidents by fire or explosion, and to prevent any petroleum from escaping into any part of a house or building, or into a drain or sewer The penalty for infringing these regulations is a fine of not exceeding £20 and the forfeiture of the petroleum, together with the vessels containing, and the carriage conveying, the same The penalty is, primarily recoverable against the licensee, but if the latter can show that he has used due diligence to enforce the execution of these regulations, and that some other person had committed the offence

in question without the licensee's knowledge consent or connivance such other person can be summarily convicted of this offence and the licensee exempted from the penalty. Where the offence is committed by a servant of the licensee or some other person such servant or other person is liable to the same penalty as if he were the licensee. A constable who has reasonable cause for believing that petroleum is being hawked in contravention of the Act may seize and detain it and the vessels and carriage containing the same until a court of summary jurisdiction has determined whether or not the Act has been infringed.

Any officer authorised by the local authority may purchase any petroleum from any dealer in it and may on producing a certified copy of his appointment or other sufficient authority require the dealer to show him every place in which the petroleum is kept and may take samples of the petroleum for the purpose of testing and if the petroleum is not in accordance with the requirements of the Act the expenses of testing are payable by the dealer in addition to the penalty. Where a court of summary jurisdiction has reasonable grounds to believe that petroleum is being kept conveyed or exposed for sale in contravention of the Act it has power to issue a search warrant enabling the holder thereof to enter and search the place ship or vehicle named in the warrant and take samples of the petroleum and seize and remove the petroleum and the vessel containing the same until the necessary proceedings can be taken before the court of summary jurisdiction. Power is given to the person executing the warrant to use the ship or vehicle containing the petroleum for twenty-four hours after seizure in order to remove the same but he must pay a reasonable sum for the use thereof.

In consequence of the general use of motor-cars it became necessary to modify some of the regulations of the Petroleum Acts so far as they applied to motor-cars and power was given by the Locomotives on Highways Act 1896 for the Secretary of State to make regulations for the keeping and use of petroleum or of any other inflammable liquid or fuel for the purpose of light locomotives and these regulations override the provisions of the Petroleum Acts. The chief of these are that the amount of petroleum spirit to be kept in any one storehouse may not exceed 60 gallons at any one time. Storehouses in the same occupation which are situated within 20 ft. of one another are to be regarded as one storehouse and may not contain more than 60 gallons in all. But storehouses more than 20 ft. apart from each other or in different occupations may each contain a maximum amount of 60 gallons. Each storehouse must be properly ventilated the petroleum spirit must be kept in substantial metal vessels from which no leakage either of vapour or liquid can take place. In certain cases notice of the storage of petroleum spirit must be given to the local authority. Where petroleum spirit is kept for the purpose of or is being used on light locomotives and is kept or used in accordance with these regulations no licence under the Petroleum Act 1871 is necessary but a licence is necessary if default is made in observing any one of these regulations.

**PETTY CASH**—Petty Cash is a matter in the correct recording of which difficulty is often experienced. There are many methods all of which fail to give complete satisfaction except the Imprest system under which a cheque of sufficient

amount to cover a period is drawn this being credited in the Cash Book and debited to a Petty Cash Account in the Nominal Ledger. The cheque is then handed to the petty cashier whose Petty Cash Book is best kept in columnar form as shown hereunder. At the end of the period the Petty Cash Book is submitted by the petty cashier to the cashier together with his vouchers and the cashier having checked the entries initials same and hands the petty cashier a cheque for the amount spent. The entry for this in the Cash Book is then made as per the detail given by the Petty Cash Book analysis. (See page 1160)

In this case		
By petty cash—Stamps	£2 10 0	
Stationery	0 17 6	
Carr inwards	1 7 9	
outwards	1 18 4	
Travelling	1 7 6	
Sundries	0 14 2	
		<hr/> 8 15 3

The various items are posted direct to the respective Nominal Ledger Accounts. Thus the Petty Cash Account in the Nominal Ledger remains unaffected the petty cashier still owing the imprest amount.

Where the amount of petty cash is a fluctuating quantity the Petty Cash Book may be balanced and a cheque given for the amount spent to date whenever the petty cashier is running short of money but the fixed period system is preferable where it can possibly be adopted.

**PETTY JURY**—(See JURY)

**PETTY SESSIONS**—(See SUMMARY JURISDICTION)

**PEWTER**—A silvery white alloy usually composed of four parts of tin and one of lead. For first-class pewter goods however an alloy of tin antimony copper and bismuth is used. Pewter was at one time much in demand for beer tankards jugs plates etc. but it is now chiefly employed for ornamental purposes.

**PFENNIG, PFENNIG**—(See FOREIGN MONIES—GERMANY)

**PFUND**—(See FOREIGN WEIGHTS AND MEASURES—GERMANY SWITZERLAND)

**PHARMACOPŒIA, BRITISH**—(See BRITISH PHARMACOPŒIA)

**PHENACETIN**—A drug obtained from carbolic acid and used medicinally like antipyrin as a febrifuge. It is also employed as a remedy in cases of influenza headache etc.

**PHENOL**—(See CARBOLIC ACID)

**PHOTOGRAPHY**—(See SHORTHAND)

**PHORRHUM**—Also known as New Zealand flax though the fibre rather resembles hemp. The name belongs to a genus of New Zealand plants of the hily tribe. The fibre is not easily prepared for commercial use owing to the quantity of resinous matter it contains and the rope made from it is liable to snap. It is however used for Scotch manufactures of towelling sheeting and sackings.

**PHOSPHATE**—(See MANURE)

**PHOSPHORUS**—A waxy highly inflammable substance usually yellowish in colour though there is also a red variety which differs from the ordinary phosphorus in various ways e.g. it is not poisonous and does not give off fumes on exposure to the air. Another name for the red variety is amorphous phosphorus. It is used for certain safety matches.

Vinegar and spice are the chief pickling ingredients, and onions, gherkins, chillies, mangoes, walnuts, and red cabbage are among the vegetable products so treated

**PICRIC ACID.**—A product obtained by the action of nitric acid on equal parts of carbolic and concentrated sulphuric acid. It is used in France as a yellow dye for silk, wool, and leather. It is also the chief ingredient of the powerful explosive, lydite

**PIE.**—(See FOREIGN MONIES—INDIA)

**PIE POUDRE.**—This was a court of record in existence in ancient times in every market or fair. It was set up for the purpose of settling all disputes arising between parties dealing at the market or fair, especially when weights and measures were in question. Questions connected with weights and measures were assigned to justices by an Act passed in 1878, and courts of pie poudre, or, as they were sometimes vulgarly called, "pie powder," have fallen into disuse. It is asserted that the only court of this kind now in existence is held at Bristol, but its powers are insignificant

**PIECE GOODS.**—Those goods which are sold by the piece, as sheetings, cambric, canvas, carpets, etc., such articles being described by the Customs as cotton piece goods, linen piece goods, etc., according to the raw material from which they are made

**PILFERAGE.**—A term used in shipping documents, referring to any loss caused by theft during transit

**PIGSKIN.**—The strong leather obtained from the skins of pigs is used in a variety of ways. The demand is so great, that Great Britain has to import large quantities from America. Pigskin is used in saddlery, bookbinding, trunk-making, upholstery, and in the manufacture of certain kinds of boots and leggings. Small articles, such as purses, bags, etc., are also made of it

**PIK.**—(See FOREIGN WEIGHTS AND MEASURES—EGYPT)

**PILCHARD.**—A fish of the same family as the herring, sprat, and sardine. It is, indeed, frequently maintained that the sardines caught off the coast of Brittany are young pilchards, which have not yet attained their full length of 9 to 12 in. Pilchards are caught in great quantities off the Cornish coast, and a considerable export trade in the salted fish is done with the Mediterranean countries. At Mevagissey, in Cornwall, the full-grown fish is tinned in the same way as the sardine (*qv*)

**PILOT.**—The name of pilot, or steersman, is applied either to a particular officer serving on board a ship during the course of a voyage, and having the charge of the helm and of the ship's route, or to a person taken on board at a particular place for the purpose of conducting a ship through a river, road, or channel, or from or into a port. In England, the term "pilot" is now invariably used to designate a person of the second class. Pilots are persons who have a special knowledge of particular waters, and during the period of their charge the whole responsibility of the safe conduct of the vessel devolves upon them. All maritime countries have endeavoured to promote their efficiency by affording to them means of instruction, and by punishing them for misconduct or incapacity.

In most of the ports of England, societies or corporations have long been established, either under charters from the Crown, or under local Acts of Parliament, for the appointment and control of

pilots in particular localities. Independently of such provisions as are contained in local statutes, the jurisdiction of pilotage authorities within the United Kingdom now depends, for most purposes, upon the Merchant Shipping Act, 1894. The provisions relating to this subject are contained in Part X of the Act (Secs 572-633). These sections regulate the powers of the Board of Trade as to pilotage districts and authorities, by-laws by pilotage authorities, returns by pilotage authorities, licensing of pilots, etc.

For the safety of navigation in many localities, the employment of a pilot is compulsory on all ships or certain classes of ships, in such a case a pilot is not the servant of the shipowner of whose vessel he has charge, and the shipowner is not liable for his negligence, but a pilot taken voluntarily by a shipowner, or master, is in the position of their servant, and makes the shipowner responsible for his negligence, but apart from any positive enactment, the master of every ship when engaged in a foreign trade is, unless he is himself qualified to act as pilot, bound, for the protection of the owner and all interested in the ship when within waters where, by the general usage of navigation, pilots are employed, to put her under the charge of a pilot. One effect of his neglecting to do so may be to discharge the insurers from their liability. If, however, on arriving off a port he uses due diligence to obtain a pilot, it is otherwise, since in that case he does all that can be required of him.

A pilot is to be deemed a qualified pilot if duly licensed by any pilotage authority to conduct ships to which he does not belong

An unqualified pilot may, within any pilotage district, without subjecting himself or his employer to any penalty, take charge of a ship as pilot—(a) where no qualified pilot has offered to take charge of the ship, or made signal for that purpose, (b) where a ship is in distress, or under circumstances making it necessary for the master to avail himself of the best assistance which can be found at the time, or (c) for the purpose of changing the moorings of any ship in port, or of taking her into or out of any dock, in cases where the act can be done by an unqualified pilot without infringing the regulations of the port, or any orders which the harbour master is legally entitled to give. A qualified pilot may supersede an unqualified pilot, but the master must pay to the unqualified pilot a proportionate sum for his services, and deduct that sum from the charge of the qualified pilot, and in case of dispute it must be decided by the pilotage authority. If an unqualified pilot, whether within a district in which pilotage is compulsory, or outside such district, assumes or continues in charge of a ship after a qualified pilot has offered to take charge of the ship, he is liable to a fine of £50. If a master, whilst within a district where pilotage is compulsory and whose ship is not exempt, pilots his ship himself without holding the necessary certificate, and after a qualified pilot has offered to take charge, he is liable to a fine. The refusal or wilful delay of a qualified pilot, without reasonable excuse, to take charge of a ship within the district for which he is licensed, subjects him to a penalty, and makes him liable to suspension or dismissal by the pilotage authority, and to an action at the suit of the aggrieved party, who, if he has suffered injury in consequence, may recover substantial damages, but if a boat or ship, having on board a qualified pilot, leads any ship which has not a qualified pilot

on board because from particular circumstances it cannot be boarded the pilot leading the other ship is entitled to the full pilotage rate for the distance run as if he had actually been on board and had charge of the ship. On the other hand, wilful misrepresentation of the circumstances upon which the safety of the ship may depend made by anyone with a view to obtaining the charge of the ship is also followed by a penalty and by liability to suspension or dismissal if a qualified pilot and to an action if damage has accrued to the ship in consequence by the master or her owners.

As qualified pilots enjoy a monopoly of being employed in preference to anyone else the obligation is imposed upon them of always offering their services to vessels unless it is at the risk of their lives. On going on board a ship the pilot takes upon himself the duty of navigating the ship and he is considered her commander as far as the navigation is concerned. A master is not under ordinary circumstances justified in interfering with the pilot in his proper vocation. In cases however of obvious danger where it is evident that the pilot is acting rashly or is intoxicated or otherwise plainly incompetent it is not only the master's right but his duty to resume his authority. The shipowner is responsible to third persons for the sufficiency of the ship and her equipments, the competency of the master and crew and their obedience to the orders of the pilot in everything that concerns his duty. It is the master's duty to see that the pilot's orders are promptly and properly obeyed and that he is assisted by an efficient and vigilant look-out. The master is also bound to take all precautions proper in the ordinary course of navigation and which do not depend on local knowledge. He must not allow lights to be exhibited which infringe the regulations for preventing collisions at sea notwithstanding the order of the pilot. It is also the master's duty to inform the pilot of any defect in the vessel which may embarrass him in navigating her and to declare her draught of water. As pilots are taken on board compulsorily in the interests of commerce generally owners are not exonerated from liability for damage arising from the default of a pilot so employed if such damage is partly caused by the unnecessary interference with him in his duties by the master or crew. The master however does not interfere with the pilot by making a suggestion to him or by repeating his orders. It may also be the duty of any person on board a ship to act at once without waiting for the pilot's orders where there is immediate necessity for so doing, but the mere fact that the pilot is in charge by compulsion of law does not exonerate the master and crew from the proper observance of their own duty. Although the direction of the pilot may be imperative upon them as to the course the vessel is to pursue the management of the ship itself is still under the control of the master. It is his duty to secure the safe conduct of his vessel by issuing the necessary orders and it is the duty of the crew to carry these orders into execution and for the due performance of their relative duties the master and crew are still respectively responsible.

The compulsory employment of qualified pilots within any pilotage district is declared to be binding on every ship carrying passengers between any place situated in the British Islands and any other place so situated unless the master or mate on board have a pilotage certificate applicable to the ship and the limits within which a qualified pilot

ought otherwise to have been employed. A ship is not bound to take a pilot when passing through any pilotage district in the United Kingdom on a voyage between two places both situate out of that district but this exception does not apply to ships loading or discharging at any place situate above the district on the same river or its tributaries. Taking in coals for ship use is loading within this proviso and involves the employment of a pilot. The following ships when not carrying passengers, are exempted from compulsory pilotage in the London district and in the Trinity House output districts viz (1) Ships employed in the coasting trade of the United Kingdom (2) ships of not more than 60 tons burden (3) ships trading from any port in Great Britain within the London district or any of the Trinity House output districts to the port of Brest in France or to any port in Europe north and east of Brest or to the Channel Islands or Isle of Man (4) ships trading from the port of Brest or any port in Europe north and east of Brest or from the Channel Islands or Isle of Man to any port in Great Britain within the said London or Trinity House output districts (5) ships navigating within the limits of the port to which they belong. There are also general exemptions made under the Pilotage Act 1873 and Orders in Council which have been kept alive by the Merchant Shipping Act 1894 and which apply in the London district and Trinity House output districts to the following ships whether carrying passengers or not provided they are not carrying passengers between any places in the British Islands (1) British ships in the London district on their inward or outward voyages trading to the Cattegat or Baltic (other than ships with passengers on voyages between any port in Sweden or Norway and the port of London) or round the North Cape or into the White Seas (2) British ships in the London district trading to or from ports between Boulogne (inclusive) and the Baltic (3) any Irish trader using the navigation of the river Thames and Medway (4) any ship or vessel employed in the regular coasting trade of the kingdom (5) any ship wholly laden with stone from the Channel Islands or Isle of Man (6) any British ship not exceeding the burden of 60 tons (7) any ship whistling within the limits of the port or place to which she belongs the same not being a port or place in relation to which particular provision has been made prior to the Pilotage Act 1825 by an Act of Parliament or a charter. Any ship passing through the limits of any pilotage district on their voyages from one port to another port not being bound to any port or place within such limits nor anchoring therein (8) ships in ballast on a voyage between places in the United Kingdom.

The employment of a qualified pilot is compulsory in all districts in which it was so before January 1st 1895 subject to the same exemptions as theretofore existed until the Board of Trade or the pilotage authorities in the exercise of their powers revise and extend the exemptions. The districts of the Trinity House within which the employment of pilots is compulsory are declared to be the London district (consisting of the waters of the Thames and Medway as high as London Bridge and Rochester Bridge respectively and also the seasonal channel leading thereto or thence) as far as Orfordne s to the north and Dungeness to the south) and the Trinity House output districts (comprising any pilotage district for the appointment of pilots within



which no particular provision is made by an Act of Parliament or charter), thereby excepting the English Channel district (consisting of the seas between Dungeness and the Isle of Wight). A pilotage authority is not liable for the negligence of a pilot licensed by it, but it is liable for the negligence of persons not licensed by it as pilots, but employed by it for stated wages to pilot ships into its harbour, it taking the pilotage dues itself and applying them to harbour purposes.

Pilotage is usually remunerated by a payment based on the draught of water of the ship, and the locality where the services are rendered. This remuneration is fixed by by-laws made by a pilotage authority under the provisions of the Merchant Shipping Act, 1894, and it is an offence, punishable by fine, to demand or receive a greater or less rate than that allowed by law. A pilot may be entitled to claim salvage from a ship which he has undertaken to pilot, if the services which he renders to her are outside the scope of his contract, but in order to entitle a pilot to salvage reward, he must not only show that the ship was in some sense in distress, but that she was in such distress as to be in danger of being lost, and such as to call upon him to run such unusual danger or to incur such unusual responsibility, or exercise such unusual skill, or perform such an unusual kind of service as to make it unfair and unjust that he should be paid otherwise than upon the terms of salvage reward. No pilot is bound to go on board a vessel in distress in order to render pilot service for mere pilotage reward. Pilotage on foreign ships trading to and from the port of London must be paid after the same rate as in the case of British ships, to the chief officer of Customs in the port of London, by the master or by the consignees or agents who have made themselves liable to pay any other charge for the ship in the port of London. Without this receipt for the amount no vessel can clear outwards from the port. Any consignee or agent thus made liable for pilotage dues may retain the amount thereof, and that of the expenses to which he has thereby become liable, out of any moneys received by him on account of the ship and belonging to its owner. Pilotage dues are not payable by King's ships, unless registered, and they are not included in "port charges" in a charter party. A pilotage authority may, if they think fit, on the application of the master or mate of any ship, and on payment by him of the usual expenses, examine him as to his capacity to pilot the ship of which he is master or mate, or any one or more ships belonging to the same owner as that ship within any part of the district of the pilotage authority. A pilotage authority, if they find the master or mate competent, may grant him a certificate, entitling him to pilot the ship within the limits specified in the certificate, without incurring any penalty for not employing a qualified pilot. Such a certificate is not to be in force for more than a year, but may be renewed from year to year by indorsement under the hand of the proper officer of the pilotage authority. If it appears to the Board of Trade, upon complaint made to them, that a pilotage authority have, without reasonable cause, refused to examine a master or mate, or to grant a certificate, the Board of Trade may appoint persons to examine the master, and if he is found competent they may grant him a pilotage certificate. Such pilotage certificates cannot be granted to a master or mate unless he is a British subject.

If a qualified pilot, either within or without the district for which he is licensed, commits any of the following offences, he is liable, in addition to any liability for damages, to a fine not exceeding £100—(a) Is interested in keeping any public-house or place of public entertainment; (b) commits any fraud against the revenues of customs or the excise; (c) is in any way directly or indirectly concerned in any corrupt practices relating to ships; (d) lends his licence; (e) acts as pilot while suspended; (f) acts as pilot when in a state of intoxication; (g) employs on board any ship of which he has charge anything beyond what is necessary for the service of that ship, with intent to enhance the expenses of pilotage; (h) refuses or wilfully delays, when not prevented by reasonable cause, to take charge of any ship within the limits of his licence, upon the signal for a pilot being made by that ship; (i) unnecessarily cuts or slips any cable; (k) refuses, when requested by the master, to conduct the ship of which he has charge into any port or place into which he is qualified to conduct the same, except on reasonable ground of danger to the ship; or (l) quits the ship of which he has charge, without the consent of the master, before the service for which he was hired has been performed.

Pilot boats must be approved and licensed by the pilotage authority. Every such boat must be distinguished by the following characteristics, viz: (a) On her stern the name of her owner and port must be painted in white letters at least 1 in broad and 3 in long, and on each bow the number of her licence; (b) in all other parts a black colour, painted or tarred outside, or such other colour as the pilotage authority direct; (c) when afloat, a flag, termed "a pilot flag," of large dimensions compared with the size of the pilot boat, and of two colours—the upper horizontal half white and the lower horizontal half red—to be placed at the masthead, or in some equally conspicuous situation. The pilot flag must be kept clean and distinct, so as to be easily discernible at a reasonable distance, and the names and numbers must not at any time be concealed. The penalty for a breach of these regulations is £20. A qualified pilot, when carried off in a vessel not in the pilotage service, must exhibit a pilot flag to show that the ship has a qualified pilot on board, and if he fails without reasonable cause to do so, he is punishable by a fine up to £50. Where the master or mate of a ship holds a pilotage certificate, a pilot flag must be displayed on board the ship while that master or mate is on board and the ship is within a pilotage district in which pilotage is compulsory, otherwise the master is liable to a fine of £20. A pilot flag, or a flag so nearly resembling a pilot flag as to be likely to deceive, must not be displayed on any ship not having a licensed pilot, under a penalty of £50.

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(3) If extensive alterations are required in any particular page it should be re-written or re-typed.

(4) The writing or typing should be of such a character that approximately the same number of words will be contained in each page. This facilitates the measuring up of the manuscript & it enables the printer to know how much space will be occupied by the whole.

(5) The utmost attention should be given to references and quotations to the names of places and other proper names foreign words etc. The best possible assistance should be given to the printer with regard to these matters. He is entitled to consider that he is absolutely safe in following the directions contained in the manuscript.

(6) In indicating the use of any special kind of type *eg* italics capitals etc it will save trouble and time if it is carefully remembered that a line drawn under a word in the copy signifies that italics must be used two lines represent small capitals three lines large capitals a wavy line signifies heavy type. Thus—

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ILLUSTRATION

Illustration

(7) Punctuation requires careful attention. The ideas of writers vary considerably and it is unfair to suppose that the printer can meet the peculiarities of every author. The printer is supposed to carry out the ideas of the writer and he is entitled to look to the author for complete guidance.

(8) A complete uniformity as to spelling is desirable. Diverse spelling causes endless

misapprehensions. Variations should be carefully noted by the compositor.

(9) Care should be taken between inverted commas and italics. Italics should be connected with arrangement of the copy. Italics should be carefully noted upon before the copy is

sent to the printer. The cost of printing and a great deal of the proofing is saved by the printer's imperative that every correction should be examined. If there are many corrections, it will be necessary to have a second proof. In the final corrections have in marked press or print

of errors in proofs. The following are principal corrections which are necessary in ordinary proofs—

**Omission of a letter or word.** Draw a caret thus  $\wedge$  where the omission occurs and write the correct letter or word in the margin.

**Omission of a phrase.** Place a caret where the omission occurs and write the correct phrase in the margin. If this is impossible owing to the number of words draw a line from the caret to the top or to the bottom of the page and make the correction there.

**Omission of a space.** Place a caret where the space is required or draw a line between the letters in the margin.

**Omission of a punctuation mark.** Mark a caret and indicate the required punctuation mark in the margin.

If it is a dash or hyphen that is required indicate the same in the margin thus  $\text{---}$  A full stop should be encircled.

**Superfluous letters or words.** Draw a vertical line through the letter or a horizontal line through the word and write in the margin the word to be deleted. Thus—  
cancel or delete or make the following sign  $\text{X}$

**Superfluous space.** Make a curve from letter to letter or from word to word where the space occurs and make a similar curve in the margin.

**Punctuation alterations.** Draw a vertical line through the wrong punctuation mark and write the correct one in the margin.

**Change of characters.** Draw a vertical line through a letter and a horizontal line through a word and write in the margin—

Where capitals are wanted Cap  
Where small capitals are wanted Sm Caps  
When italics are wanted Ital

When italics are used and not wanted rom  
For altering the type of any word to that which is contained in the body of the matter write 1c  
1e lower case

If a capital letter is required instead of a small letter place a capital in the margin or write uc 1e upper case

**Wrong letter or word.** Draw a vertical line through the wrong letter and a horizontal line through the wrong word and write the correct word in the margin.

**Letter reversed.** Underline the letter reversed or as it is called turned and make the following sign in the margin  $\text{R}$

**New para raph.** Place a square bracket  $\{$  or a crochet  $\{$  before the word which is to commence the new paragraph and place a similar mark in the margin or write the words new par

**Connectin para raphs.** Make a curved line from the last word in the first paragraph to the first word in the next paragraph and write in the margin run on

**Words in wrong position.** Put a circle round the word or words which are not in correct position and make a line from the circle to the required position indicating the same by a caret.

**Uneven line.** Place a short line above and below the letter or words which are uneven and mark the margin thus  $\text{---}$

**Bad Letters.** Place a horizontal line above and below them or each of them and make a cross in the margin

**Wrong font.** If the wrong type has been used either in size or style draw a horizontal line under the letter or word as the case may be and write in the margin w f

**Set.** Sometimes in correcting proofs a word or letter is accidentally struck out. If it is desired to retain it place dots under it and write the word set in the margin

If there are inequalities of space between words in any particular line put the mark  $\text{A}$  at the space referred to and write in the margin eq

The example on page 1220 shows a proof in its rough state together with the various marks of correction and the whole page is then given in its proper form.

**PROPERTY.**—This word is used to denote the absolute right which a person possesses as to a particular thing—the power to deal with it exactly as he likes except in so far as the law places any

EXAMPLE OF A PROOF SUPPLIED BY A PRINTER AND THE CORRECTIONS  
MARKED THEREIN

Socialism and Democracy.

History does not present an adequate inductive basis from which to infer either optimism or pessimism. Although faith that the course of humanity is determined by Divine Providence implies faith also in that course leading to a worthy goal, this falls short of optimism, while manifestly incompatible with pessimism. That the democratic ideal of government contains on the whole more truth than any of its rival ideals, and that it has for at least two centuries, been displacing them and realising at their expense the hope that in the long run it will universally and definitively prevail, provided it appropriates and assimilates the truths which have given to other ideals their vitality and force.

But between such a vague and modest hope as this and any attempt at a confident or precise forecasting of the fate of democracy there is a vast distance. Whether it will finally triumph or not, and, if it does, when, or in what form, or after what defeats, it is presumption in any man to pretend to know. No mortal can even approximately tell what its condition will be in any country of Europe a thousand, or a hundred, or fifty years hence even.

No one can be certain, for instance, whether its future in Britain will be prosperous or disastrous, glorious or the reverse. The future of BRITAIN itself is too uncertain to allow of any positive forecast in either direction being reasonable. The ruin of Britain may be brought about at any time by quite possible combinations of the other great military and naval powers. The British people may also quite possibly so behave as to cause the ruin of their people, or in any people, are the successors of the false prophets of Israel, and of the demagogic deceivers of the people in all lands and ages. They belong to a species of persons which has ruined many a democracy in the past, and there is no certainty that they will not destroy Democracy in Britain or in any other country where it at present prevails. On the other hand, there is the hope that Democracy in Britain will have a lengthened, successful, and beneficent career. Why should it listen to flatterers or believe lies?—Professor Flint

Small cap

THE SAME PASSAGE CORRECTED  
SOCIALISM AND DEMOCRACY

History does not present an adequate inductive basis from which to infer either optimism or pessimism. Although faith that the course of humanity is determined by Divine Providence implies also faith in that course leading to a worthy goal, this falls short of optimism, while manifestly incompatible with pessimism. That the democratic ideal of Government contains on the whole more truth than any of its rival ideals, and that it has, for at least two centuries, been displacing them and realising itself at their expense in the leading nations of the world, may warrant in some measure the hope that in the long run it will universally and definitively prevail, provided it appropriates and assimilates the truths which have given to other ideals their vitality and force; but between such a vague and modest hope as this and any attempt at a confident or precise forecasting of the fate of Democracy there is a vast distance. Whether it will finally triumph or not, and, if it does, when, or in what form, or after what defeats, it is presumption in any man to pretend to know. No mortal can even approximately tell what its condition will be in any country of Europe a thousand, or a hundred, or even fifty years hence.

No one can be certain, for instance, whether its future in Britain will be prosperous or disastrous, glorious or the reverse. The future of Britain itself is too uncertain to allow of any positive forecast in either direction being reasonable. Britain may be brought about at any time by quite possible combinations of the other great military and naval powers. The British people may also quite possibly so behave as to cause the ruin of their country. Those who profess unbounded trust in the British people, or in any people, are the successors of the false prophets of the demagogic deceivers of the people in all lands and ages. They belong to a species of persons which has ruined many a democracy in the past; and there is no certainty that they will not destroy Democracy in Britain or in any other country where it at present prevails.

On the other hand, there is nothing to warrant the hope that Democracy in Britain will have a lengthened, successful, and beneficent career. Why should it listen to flatterers or believe lies?—PROFESSOR

that Democracy  
Why should it

restriction upon him. The essentials of property are the rights to use to abuse and to destroy.

No person can divest himself of property in a thing except by some special act on his own part. Unless he does something to show that he relinquishes his rights the property remains in him or in his successors for all time. And if by chance or otherwise the thing goes out of his possession against his will he can always claim it again unless perchance a claim of sale in market overt (*q v*) is able to be sustained against him.

Property must be carefully distinguished from possession (*q v*) with which it is often confused.

**PROPERTY ACCOUNTS**—This is a term which is used in book keeping to denote the names of the accounts which deal with different kinds of goods such as tea coffee sugar bills etc.

**PROPERTY DIVISIBLE AMONGST CREDITORS** (and see **PROPERTY NOT DIVISIBLE AMONGST CREDITORS** **REPUTED OWNERSHIP**)—(a) Generally. As the object of the bankruptcy court is to divide the property of an insolvent person equally amongst his creditors it is obvious that that property must be ascertained and vested in the trustee. The property divisible is strictly defined. It includes—

(1) All such property as may belong to or may be vested in the bankrupt at the commencement of the bankruptcy or may be acquired by or devolve on him before his discharge and

(2) The capacity to exercise and to take proceedings for exercising all such powers in or over or in respect of property as might have been exercised by the bankrupt for his own benefit at the commencement of his bankruptcy or before his discharge except the right of nomination to a vacant ecclesiastical benefice and

(3) All goods being at the commencement of the bankruptcy in the possession order or disposition of the bankrupt etc. (See **REPUTED OWNERSHIP**).

Property includes money goods things in action land and every description of property whether real or personal and whether situate in England or elsewhere also obligations easements and every description of estate interest and profit present or future vested or contingent arising out of or incident to property as above defined.

(b) Various forms of Property. Having set out the definition it is necessary to consider how far it has been narrowed or extended by the decisions of the courts. For instance while an annuity will generally vest in the trustee if it was given to the bankrupt with a proviso that it was to cease if the annuitant should alien charge or encumber it in any manner it comes to an end on the annuitant's insolvency. All transactions by a bankrupt after his bankruptcy with any person dealing with him *bona fide* and for value in respect of his after acquired property whether with or without knowledge of his bankruptcy are valid against the trustee (*Cohen v. Mitchell* 1890 22 QBD 267). Such dealings with after acquired property must however be for value. Where an undischarged bankrupt insured his life and died intestate the policy moneys were distributed amongst the next of kin. The trustee did not know of the policy moneys until after the distribution. It was held that he was entitled to the sums received by the next of kin who had given no value therefor.

It follows that the trustee must always be on the alert for if he stands by and allows a third person

to obtain property of the bankrupt he becomes estopped from asserting his title.

(c) **Contracts requiring Personal Skill**. The benefit of a contract involving the exercise of skill by the bankrupt himself is not necessarily an asset in the bankruptcy for its performance depends upon the bankrupt himself.

(d) **Goods in Transit**. Specific goods actually in transit may be stopped at any time before they reach the trustee in bankruptcy. If so stopped they are not divisible in the bankruptcy.

(e) **Personal Earnings**. The creditors are entitled to the personal earnings of the bankrupt except such part of them as is necessary for the maintenance of himself and his family. Thus the fees of a professional man come under this rule. Similarly a house agent's commission belongs to his trustee.

(f) **Property Abroad**. All the personal estate of a bankrupt wherever situate (subject to what has already been said) passes to the trustee. All real estate at home and abroad is also vested in the trustee but as ownership and transfer of land is governed by the law of the country where the land is situated this provision has little effect abroad. Further in many of the Colonies the trustee's title cannot be perfected without registration. Consequently real property in such colonies will only vest in the trustee subject to any requirements prescribed by the local law as to the conditions necessary to effect a transfer of real estate situate in the locality.

(g) **Property Intermixed with that of Bankrupt**. Where the property of the bankrupt has become intermixed with that of another person so that it cannot be distinguished the party who is responsible for the intermixture must bear the loss.

(h) **Property of Bankrupt Married Woman**. The separate property of a bankrupt married woman passes to her trustee in bankruptcy.

(i) **Property of Bankrupt's Wife**. Property settled to the separate use of a wife does not pass to the trustee. Where a husband has made a gift to his wife he becomes trustee of it for her as her separate property.

(j) **Right of Action**. Personal rights of action for torts *e.g.* for trespass to the person libel and slander seduction of child or servant and for breaches of contract which are wholly personal to the bankrupt (*e.g.* breach of promise of marriage) do not pass to the trustee but where a right of action is in part personal and in part connected with the estate of the bankrupt it will be severed. A right of action for breach of contract (as where for instance the bankrupt alleges that he has been wrongfully dismissed) will vest in the trustee if there was a breach before the bankruptcy. The following emolumenta may be attached by a trustee in bankruptcy. The pension of a retired judge of a crown colony the retired pay of an officer who remains in the Army Reserve the pay of a commercial traveller engaged at £100 a year payable weekly the salary of an actor or the income of a surgeon-dentist carrying on business in partnership. But the prospective earnings of a professional man or the wages of a collier cannot be attached. If an order attaching any pay is made under the Section it is put an end to by an order of discharge unless expressly excepted.

(k) **Salary or Income**. Income pay salary or pension of a bankrupt may in general be devoted in whole or in part to the payment of his creditors. If he is in the Government's service however no



"(c) With respect to every untrue statement purporting to be a statement made by an official person or contained in what purports to be a copy or extract from a public official document, that it was a correct and fair representation of the statement or copy of or extract from the document:  
or unless it is proved—

"(i) that having consented to become a director of the company he withdrew his consent before the issue of the prospectus, and that it was issued without his authority or consent, or

"(ii) that the prospectus was issued without his knowledge or consent, and that on becoming aware of its issue he forthwith gave reasonable public notice that it was issued without his knowledge or consent; or

"(iii) that after the issue of prospectus and before allotment thereunder, he on becoming aware of any untrue statement therein, withdrew his consent thereto, and gave reasonable public notice of the withdrawal, and of the reason therefor

"(2) Where a company existing on the eighteenth day of August one thousand eight hundred and ninety, has issued shares or debentures, and for the purpose of obtaining further capital by subscriptions for shares or debentures issues a prospectus, a director shall not be liable in respect of any statement therein, unless he has authorised the issue of the prospectus, or has adopted or ratified it

"(3) Where the prospectus contains the name of a person as a director of the company, or as having agreed to become a director thereof, and he has not consented to become a director, or has withdrawn his consent before the issue of the prospectus, and has not authorised or consented to the issue thereof, the directors of the company, except any without whose knowledge or consent the prospectus was issued, and any other person who authorised the issue thereof, shall be liable

to indemnify the person named as aforesaid against all damages, costs, and expenses to which he may be made liable by reason of his name having been inserted in the prospectus or in defending himself against any action or legal proceedings brought against him in respect thereof.

"(4) Every person who by reason of his being a director, or named as a director or as having agreed to become a director, or of his having authorised the issue of the prospectus, becomes liable to make any payment under this section may recover contribution, as in cases of contract, from any other person who, if sued separately, would have been liable to make the same payment, unless the person who has become so liable was, and that other person was not, guilty of fraudulent misrepresentation

"(5) For the purposes of this section—

"The expression 'promoter' means a promoter who was a party to the preparation of the prospectus, or of the portion thereof containing the untrue statement, but does not include any person by reason of his acting in a professional capacity for persons engaged in procuring the formation of the company.

"The expression 'expert' includes engineer, valuer, accountant, and any other person whose profession gives authority to a statement made by him."

Every company must now issue a prospectus before allotting its shares or its debentures, unless it contents itself with the statement in lieu of a prospectus, which is now permitted by the Act of 1908. The only exception to the issue of a prospectus, or a statement in lieu of a prospectus, are private companies (*qv*) and companies which have allotted any shares or debentures before the 1st July, 1908

The form of statement in lieu of a prospectus, as given in the second schedule of the Companies (Consolidation) Act, 1908, is as follows—

# THE COMPANIES (CONSOLIDATION) ACT, 1908

## STATEMENT IN LIEU OF PROSPECTUS.

filed by

pursuant to section eighty-two of the Companies (Consolidation) Act, 1908

LIMITED

Presented for filing by

THE COMPANIES (CONSOLIDATION) ACT, 1908,

LIMITED.

## STATEMENT IN LIEU OF PROSPECTUS

The nominal share capital of the company	£
Divided into .. .. .	Shares of £ each.
	" " "
Names, descriptions, and addresses of directors or proposed directors	
Minimum subscription (if any) fixed by the memorandum or articles of association on which the company may proceed to allotment	

## STATEMENT IN LIEU OF PROSPECTUS—continued

(1) For definition of vendor see Section 81 (1) of the Companies (Consolidation) Act 1908.  
(2) See Section 82 (1) of the Companies (Consolidation) Act 1908.

Number and amount of shares and debentures agreed to be issued as fully or partly paid up otherwise than in cash	1 shares of £ fully paid		
The consideration for the intended issue of those shares and debentures	2 shares upon which £ credited as paid	per share	
	3 debenture £		
	4 Consideration		
Names and addresses of (a) vendors of property purchased or acquired or proposed to be (b) purchased or acquired by the company			
Amount (in cash shares or debentures) payable to each separate vendor			
Amount (if any) paid or payable (in cash or shares or debentures) for any such property specifying amount (if any) paid or payable for goodwill	Total purchase price		
	Cash	£	
	Shares	£	
	Debentures	£	
	Goodwill	£	
Amount (if any) paid or payable as commission for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures in the company or	Amount paid payable		
Rate of the commission	Rate per cent		
Estimated amount of preliminary expenses	£		
Amount paid or intended to be paid to any promoter	Name of promoter		
Consideration for the payment	Amount £		
	Consideration --		
Dates of and parties to every material contract (other than contracts entered into in the ordinary course of the business intended to be carried on by the company or entered into more than two years before the filing of this statement)			
Time and place at which the contracts or copies thereof may be inspected			
Names and addresses of the auditors of the company (if any)			
Full particulars of the nature and extent of the interest of every director in the promotion of or in the property proposed to be acquired by the company or where the interest of such director consists in being a partner in a firm the nature and extent of the interest of the firm with a statement of all sums paid or agreed to be paid to him or to the firm in cash or shares or otherwise by any person either to induce him to become or to qualify him as a director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the company			
Whether the articles contain any provisions precluding holders of shares or debentures receiving a dividend inspecting balance sheets or reports of the auditors or other reports	Nature of the provisions		

(Signature of the persons above named as directors or proposed directors or of their agents authorised in writing)

As the prospectus is, generally speaking, the basis of the contract entered into to take shares, the greatest care is required in its preparation, and every detail connected with it should be examined and discussed most minutely. The inset gives an illustration of what a prospectus is like in a general way. But a proper and adequate acquaintance with the nature of the document now under consideration cannot be fully obtained without an examination of and a comparison made between the various prospectuses issued by different companies. This matter presents not the slightest difficulty. The leading newspapers are flooded with prospectuses, and information is given from what quarters copies may be obtained. It is always advisable to obtain a true and proper copy, for although some of the advertisements are fully worded, it is to be recollected that in the majority of cases the prospectuses thus given are in a very abridged form, in fact, it would not be an easy defence for any person to set up that he had relied upon the prospectus of a company as contained in a newspaper, if he was anxious to rescind any contract he had entered into to take shares on the ground of misrepresentation.

In the vast majority of cases the prospectus begins by giving the names of all the principal officials who are to be connected with it—the directors, the bankers, the brokers, the auditors, the solicitors, etc. Then follows the announcement of the capital which is required to be raised by the company, either as shares, debentures, or debenture stock. The next intimation is a short summary of the objects for which the company has been established, and a more or less elaborate estimate of the prospects of the venture. The particulars are afterwards set out according to the statutory requirements, and also all the other varied matters which are essential, *e.g.*, the manner in which the intending shareholders are to apply for shares, etc.

It will be noticed that at the head of the prospectus there are two intimations made, the first as to the fact that the prospectus has been filed with the registrar of joint stock companies, and the second as to whether any of the capital has or has not been under-written. The question of under-writing is dealt with under a separate heading (See UNDERWRITING). As to the former this is important, because a copy of the prospectus must be filed with the registrar on or before the date of publication.

The prospectus is generally issued at the time of or immediately after the registration of the company. It is very frequently prepared by the promoter or promoters (*qv*). It must be dated, and the date is *prima facie* to be taken as the date of publication. A copy must be signed by every person named in it as a director or proposed director (or by his duly authorized agent, the authority being given in writing), and, as already stated, it must be filed with the registrar on or before the date of publication. It will be seen, therefore, that a prospectus cannot be ante-dated, though it may be post-dated. The registrar cannot register a prospectus unless it is dated and signed, and no prospectus can be issued until it has been filed for registration. In addition to this, every prospectus must state on its face that a copy has been filed in accordance with the terms of the section. Any failure to carry out these provisions renders any person who is responsible for such failure liable to a fine not exceeding £5 for every day from the date

of the issue of the prospectus until a copy is filed. Two copies of the prospectus should be prepared, and each of them signed. One is required, as stated above, for filing, the other should be carefully retained by the company. There will then be an authoritative record preserved of the terms upon which subscriptions have been invited from the public, and of the persons who are responsible for the statements contained in the prospectus. It has been stated that the prospectus is generally issued at the time of, or immediately after, the registration. There is no statutory enactment which forbids its filing and issue before registration, but seeing that a copy of the memorandum of association must be attached to the prospectus, such a practice leads to difficulties and is not to be recommended.

It is most essential that all persons who are in any way concerned with the issue of a prospectus should carefully bear in mind all the statutory enactments which are connected with its framing, for it is to be recollected that those who are responsible for the issue are liable to be mulcted in damages if the prospectus contains any false representations. These enactments may be said, roughly speaking, to be four in number. They are (1) Absence of misrepresentation, (2) Disclosure of all material facts, (3) Compliance with Section 81 of the Act of 1908 (*supra*), and (4) Liability under Section 84 (*supra*). It is most frequently the case that difficulties arise in respect of the first of these four. Very naturally, indeed, a promoter is anxious to give the most glowing account of his projected scheme, and his statements are very likely to be impeached if the company turns out to be a failure. It has been tersely said that the object of a promoter is to render his company as attractive as possible, whilst the legislature has devoted its attention to preventing the public being misled and defrauded. It is clear, therefore, that the line to be drawn between what is allowable and what is fraudulent must often be very fine. Of course, mere exaggeration will not of itself entitle a shareholder to repudiate his liability on his shares. No definite rules can be laid down as to the drawing up of a prospectus, but the following remarks in a leading case have sometimes been referred to as "the golden rule as to framing prospectuses." They are as follows: "Those who issue a prospectus, holding out to the public the great advantages which will accrue to persons who will take shares in a proposed undertaking, and inviting them to take shares on the faith of the representations therein contained, are bound to state everything with strict and scrupulous accuracy, and not only to abstain from stating as a fact that which is not so, but to omit no one fact within their knowledge, the existence of which might in any degree affect the nature and extent or quality of the privileges and advantages which the prospectus holds out as an inducement to take shares." And again, these remarks made in the course of a judgment in another case are worthy of consideration. Speaking of a prospectus it was said, "Its object is to induce persons to contribute their money for the purposes of the enterprise, and with that intent the prospectus is advertised and circulated by the persons who have conceived and projected its formation, and by whom the prospectus has been edited. It is obvious that such a document ought to be expressed with perfect veracity, and issued in good faith, and the suppression or withholding the statement of any facts

materially relevant would be as plain a failure of that perfect veracity, and as plain a departure from good faith as the assertion of a positive falsehood. To sanction or to permit any violation or neglect of these essential conditions would be to encourage proceedings which might soon prove intolerable and would expose that numerous class of persons who are but too willing to invest their money in under takings which seem to hold out a fair prospect of reasonable and honest profit to the arts of projectors desirous of taking advantage of their credulity. The courts of law have therefore without hesitation denounced the practice of issuing prospectuses which are untrue and have declared the contract into which shareholders have entered in reliance upon the truth of such representations to be null and void in case they turned out to be untrue or delusive or deficient in any of the conditions essential to the formation of binding engagement. The effect of misrepresentations contained in the prospectus and the liability of the parties concerned for such misrepresentations will be noticed at a later stage. What it is here necessary to make clear is the necessity of truthfulness, no matter how glowing may be the promises put forward by the promoters.

It was stated above that the contents of a prospectus did not obtain much notice on the part of the legislature from the passing of the Companies Act 1862 until the Companies Act 1900 became law. By this latter Act special provision was made as to this matter in the case of every prospectus issued after the 1st January 1901—when the Act of 1900 came into force—and the Act of 1900 was supplemented in various details by the Companies Act 1907. Both these Acts have been repealed but the essential enactments contained in them have been transferred to Section 81 of the Companies (Consolidation) Act 1908. Every word of this section should be most carefully studied and it is for that reason, amongst others that it has been set out above. The first sub-section deals specially with all the facts that must be stated and this portion of the Act should be known perfectly by anyone who is connected with company work. The article itself will be an excellent guide but a few words must be devoted to one point viz the disclosure of material contracts. The prospectus must state "The dates of and the parties to every material contract and a reasonable time and place at which any material contract or a copy thereof may be inspected" provided that this requirement shall not apply to a contract entered into in the ordinary course of the business carried on by the company or intended to be carried on by the company or to any contract entered into more than two years before the date of issue of the prospectus. This part of the section cannot fail to cause difficulties as the Act does not contain a definition of a material contract. The object of a promoter has always been to disclose as little as possible lest he might be doing anything to his detriment. On the other hand it has been the desire of the legislature to constrain those who promote companies to disclose their schemes and to compel them to acquaint the public with what negotiations were going on during the early stages of the promotion. Otherwise a shareholder might have found himself saddled with enormous liabilities upon joining a company although as will be explained more fully at a later stage the extent of his possible losses would be known from the prospectus. At first when the

Act of 1862 was passed there was nothing to rely upon except the good faith of the directors. This was quickly proved to be an inadequate protection and the Companies Act 1867 was passed to remedy the defect. Its best known section is Section 39 which made it incumbent that the dates and the names of the parties to any contract entered into by the company or by the promoters or directors should be stated in the prospectus. In default, the prospectus was deemed to be fraudulent. This section gave rise to much litigation as it was not always easy to discover what were the exact contracts which should have been disclosed. Although this section was repealed by the Companies Act 1900 it still governs those companies which were incorporated prior to the 1st January 1901 and it cannot be said therefore that its effect is yet exhausted. For that reason the section is here set out in full.

Every prospectus of a company and every notice inviting persons to subscribe for shares in any joint stock company shall specify the dates and the names of the parties to any contract entered into by the company or the promoters directors or trustees thereof before the issue of such prospectus or notice whether subject to adoption by the directors or the company or otherwise and any prospectus or notice not specifying the same shall be deemed fraudulent on the part of the promoters directors and officers of the company knowingly issuing the same as regards any person taking shares in the company on the faith of such prospectus unless he shall have notice of such contract.

It will be seen that the wording of the section such that no right of action is given against the company but only against those persons who were actively engaged in its promotion and who deliberately and knowingly allowed and sanctioned the issue of a prospectus in which no mention was made of material contracts which should have been disclosed. Consequently no shareholder has a right under this section to repudiate the shares which he has taken. Also the proof that a prospectus containing false statements has been knowingly put forward and that its publication has been authorised at all is upon the person aggrieved. Upon him rests the burden of proof (a). And it is not to be supposed that the mere showing of the fact that a contract entered into by the parties has not been disclosed will be sufficient to entitle a shareholder to damages. He must further make out (a) That the contract which was not disclosed was a material one (b) That he has suffered damage through its non-disclosure and (c) That he would not have been led into becoming a shareholder if the contract had been disclosed.

The indefinite position taken up by the legislature soon led to an increasing number of legal means by which the object of the section was nullified. One class of promoters felt uncertain as to what contracts ought to be inserted in the prospectus. Another class found it difficult to convert their "loose" obligations expressed to the light of day. It soon became the custom for promoters to insert a "waiver clause" in the prospectus, and a notice to the effect of application for shares by which the applicant agreed to waive any claim he might have against the company as to the truth of the prospectus. But this waiver clause must be honest and not inserted and inserted in the prospectus to suit the promoter's interests. If the shareholder has been misled and damaged by the

the clause is in any way tricky it will be of no avail. Thus in one case, a prospectus stated that "there may be contracts which perhaps ought to be referred to, but . . . any subscriber shall be deemed to have waived all rights to further particulars of these contracts." The above notice was printed in small type, and was in such a position that it might easily escape the attention of the ordinary individual. It was held that the waiver clause as set out was tricky and fraudulent, and therefore void. "A waiver clause may well be invoked to protect honest men who have been led into error through a slip, but it is never to be used as an aid to deceit and trickery."

It has been stated above that Section 38 of the Act of 1867 was repealed in 1900, and now, by Section 81, Sub-Section 4 of the Act of 1908, "any condition requiring or binding any applicant for shares or debentures to waive compliance with any requirement of this section, or purporting to affect him with notice of any contract, document, or matter not specifically referred to in the prospectus shall be void."

It is not altogether useless to make a comparison between the old Act of 1867 and the new Act of 1908 so far as non-disclosure is concerned. The points of difference are four in number: (1) The old section only applied to prospectuses of companies raising shares, the new one applies to prospectuses asking for debentures; (2) The contract, or a copy of it, must now be open to inspection; (3) The new Act provides a remedy against the company, whereas the old section only gave a right of action against the officials of the company; and (4) The new Act applies to contracts other than those entered into by the company or its officials. It does not apply, however, to ordinary trade contracts, and it fixes a time limit.

In spite of the careful legislation upon the subject, there is still existing an uncertainty as to the position of various parties when the provisions of the Act as to the contents of a prospectus are not complied with. The Companies Act, 1900, did not provide any penalties, and this defect has not been remedied by the Act of 1907, nor by the Consolidation Act of 1908, which last named Act has taken the place of all previous Companies Acts. The matter awaits judicial decision. It is probable that it will be held that no valid contract to take shares can arise, and that a person who applies for shares on the faith of a prospectus which is defective according to statute law will not become a member or a contributory of the company when shares are allotted to him.

Enough has been said to show the importance and the necessity of making a full and proper disclosure of all material matters in the prospectus, and full consideration has been given to the other subjects which must be put forward, by statutory requirements, in the document before it is submitted to the public. And the reader is recommended to make a final revision of his knowledge by referring to the exact words of Section 81, which are given above.

It is now necessary to consider the position occupied by the company, its directors, and its shareholders, when there has been any misrepresentation or fraud contained in the prospectus.

It has now been well established that if there is a case of fraud or of misrepresentation, and if a person has been actually induced by such fraud or misrepresentation contained in a prospectus, to

take shares in a company, the remedy open to him is two-fold. The first is against the company, and the second is against the persons who are responsible for the issue and the publication of the prospectus. But it must be carefully borne in mind, as a preliminary, that in order to succeed in any action grounded on fraud or misrepresentation it must be established (1) that the inducement to take shares was the prospectus itself, and that the shareholder relied entirely upon the statement contained therein, (2) that the matters complained of were material, and (3) that the misrepresentation was made by or on behalf of the company.

First, as to the company. If a shareholder has been induced by fraud or misrepresentation to apply for and to take shares in a company, his chief anxiety will be to get rid of his prospective liability. His claim, therefore, and his actual remedy if he is successful in his application will be a rescission of his contract to take shares, and an order to have his name struck off the register of the shareholders. In addition, he is also entitled to claim to be repaid the moneys which he has already paid to the company in respect of any shares for which he has applied or which have been allotted to him. The right to rescind is based upon the common law remedy which renders any contract induced by fraud or misrepresentation voidable at the suit of the party defrauded. And it is immaterial that the misrepresentation is made innocently. A shareholder must also bear in mind that he cannot return his shares and seek for damages. If rescission of the contract to take shares is desired, the remedy must be sought with the utmost promptness. A delay of a few days will be fatal. It has just been pointed out that the contract is only voidable, and the retention of a name for any length of time upon the register might easily induce other persons to come in and offer to take shares.

The remedy is drastic, and unless the three preliminaries in the last paragraph but one are fulfilled there is no right of action. Again, the remedy may be lost if there is anything in the shape of ratification, i.e., if the shareholder has done anything which has showed any inclination to pass over the fraud or the misrepresentation complained of. It is in respect of ratification that difficulties most frequently arise, as no rule can be laid down as to what ratification consists in, but each case must depend upon its own peculiar circumstances. Thus, if a shareholder is in doubt as to the prospectus, and still takes no steps to assert his rights, he may be held to have waived them, and to have ratified what he might have repudiated. Prompt action is always essential, especially as delay may allow of sufficient time to elapse during which the circumstances of the company may change completely. For example, an order may be made for winding up (*q.v.*), and if this is so no proceedings for rescission can then be entertained at all, the reason being that the rights of the creditors of the company have then intervened. It is only by a careful and prolonged examination of decided cases that one can form any real idea as to what will be held to constitute ratification. The best advice, therefore, to be given to a shareholder who thinks that he has been imposed upon is this, repudiate your liability at once, and have nothing further to do with the matter. Any indulgence in correspondence, or any effort to get rid of the shares privately or in the open market, although it may at first sight appear an advantageous course to adopt, on account of the

immediate monetary gain to be derived will probably destroy the right against the company. It is to be observed that where a contract is rescinded on the ground of fraud or misrepresentation it is rescinded *ab initio* i.e. the shareholder is put into such a position that he is considered never to have applied for or to have taken any shares at all. Consequently the relief as to liability which he is afforded is entire. He cannot be put upon any list of contributories (q.v.) in the case of a subsequent winding up.

The right of rescission is *prima facie* given only to the person who has applied for and taken shares directly from the company upon the faith of the prospectus. The purchaser of shares in the open market is not generally entitled to this relief. But there are exceptions to this rule. Thus in a case which was much criticised at the time viz *Andrews v. Lockford* (1896 1 Q. B. 372) it was held that where a prospectus was issued not merely for the purpose of inviting persons to subscribe for shares but also of inducing persons to purchase the shares of the company which were already in the open market the office of the prospectus was not exhausted upon the allotment of the shares and that anyone who having received a prospectus afterwards purchased shares in the open market relying upon the false representations contained in the prospectus had a cause of action against the promoters for the fraudulent misrepresentation. But of course if the purchaser of shares did not in fact rely upon the false statements complained of but was induced to buy for other reasons no action would lie. This has been sufficiently referred to already. Moreover when an action is instituted for rescission and this form of action can only be against the company the plaintiff must take care to ascertain that the company is in reality responsible for the prospectus even by itself or through its authorised agents. It does not follow necessarily that every prospectus is issued by a company. It may be put forward by the promoters without the company's sanction. But if the company is once incorporated and the directors act in the matter it will be held responsible and the same will be the case if the prospectus is in any way ratified by the company.

It is very difficult to say what does exactly amount to misrepresentation in a prospectus which representation is of such a character as to entitle a shareholder to relief. There are many decided cases in which the matter has been discussed and it would be impossible to give even a summary of the principal of them here. The misrepresentation must be material and must refer to an existing fact. Also it must not be of a mere trifling character. And moreover the statement complained of in the prospectus must not refer to something which is to be done in the future. Hopes may be indulged in which are of the mildest character but to put them forward as expectations is not a fraudulent act. In this respect there is a close analogy between misrepresentation and false pretences (q.v.). The misrepresentation must be of facts and these facts must be set out in the prospectus as being true whereas in reality they are false. It is in connection with companies of a highly speculative nature such as mining companies in distant lands that a difficulty arises as to whether a right of action exists or not. There is no harm in giving glowing accounts of the prospects for the future. These may or may not be realised. But in order to

catch the public eye it is found necessary in the vast majority of cases to make references to reports which are supposed to have been obtained directly for the purpose of being inserted in the prospectus. It is common knowledge how many of these reports are made up. If a company adopts the statements contained in these reports and takes upon itself the responsibility of reproducing them in the prospectus and if the facts turn out to be incorrect the company will be liable for misrepresentation as it has practically stated certain things as facts which are in reality untrue. But if on the other hand the reports are merely referred to and the contents thereof are not adopted as facts the company is free from liability. This is very clearly shown by the following passage contained in the judgment of a leading case. Where men issue a prospectus in which they make statements of the contracts made before the formation of the company and then state that the contracts may be inspected at the office of the solicitors it has always been held that those who accepted these false statements as true were not deprived of their remedy merely because they neglected to go and look at the contracts. People must not be put off their guard otherwise the door would be open to misrepresentation and fraud of the very worst kind. At the same time however the court cannot be expected to relieve intending shareholders of every bit of the responsibility. There is no doubt that relief will be accorded to persons who have been deceived by false representations but in its anxiety to correct fraud the law will not go so far as to enable persons who have joined with others in speculations to convert their speculations into certainties at the expense of those with whom they have joined.

The following examples show what have been held to constitute misrepresentation though they are far from exhaustive. Concealment of facts statements of an ambiguous character misstatements of legal statements as to capital misstatements as to properties acquired and misstatements as to contracts entered into.

So far the shareholders' remedy against the company has been exclusively considered. In pursuing this remedy however a shareholder will be well advised to consider whether he can obtain sufficient satisfaction this way or whether he may not be better off if he chooses his alternative remedy viz his right of action for damages for fraud or misrepresentation made in the prospectus against any promoter or director who is responsible for the contents of the prospectus. This is the common law action for deceit (q.v.). In order to maintain such an action the shareholder must show that he has been damaged by the action of the person or persons against whom he proceeds and whom he desires to hold responsible. The action in any case is one which it is difficult to maintain as the plaintiff must prove that the misrepresentation was made with fraudulent intent and that the misrepresentation complained of was the cause which induced him to act to his own prejudice. This will be seen by a reference to the article *Deceit*. Moreover the misrepresentation relied upon must be contained in the prospectus as if it is not a statement which he made when the prospectus was issued he cannot maintain the action unless the misrepresentation is made in writing and arrived by the person making it. The difficulty is clearly shown in the decision in *Derry v. Peek* (1890 14 App. Cas. 337) which has now taken the place of a leading case on the question

of liability for fraud and misrepresentation, so far as the position of liability of the parties proceeded against is concerned. The facts of this case were extremely interesting, though space does not permit of their being given except in outline. They were as follows. The directors of a tramway company had stated in their prospectus that they had a right to use steam power in the working of their carriages. In point of fact the right to use steam power was subject to the sanction of the Board of Trade, which the directors honestly believed that they would be able to obtain. The permission was not given. It was held that as the statement in the prospectus was made honestly in the belief that it was true, there was no fraud, and consequently the plaintiff failed in his action for deceit. The learned and exhausted judgment of the late Lord Herschell is worthy of the most careful study. It was there pointed out that a director cannot be held liable in damages for false statements in a prospectus if he honestly believed them to be true, even if he had no reasonable ground for his belief. No action for deceit can be maintained unless it is shown that the party making the statement had full knowledge that it was untrue, or made it without any belief in its truth, or recklessly, not caring whether it was true or false. And the proof of these matters always rests upon the plaintiff.

The serious position of shareholders who had been damaged by misrepresentations in a prospectus was quickly remedied by the passing of the Directors' Liability Act, 1890 (53 and 54 Vict. c. 64). If a charge of fraudulent misrepresentation is now made against directors, it is not for the plaintiff who has been damaged to prove that the directors had no ground for believing in the truth of the statements made in the prospectus, whereas they are, in fact, false, but for the directors to show that they had good grounds for making them. Promoters of a company, and persons who have taken any part in the issue of the prospectus of a company, are in the same position as directors, but the law remains as it was laid down in *Derry v. Peek* so far as other persons are concerned. The important sections of the Directors' Liability Act, as well as the section of the Act of 1907, which refers to the same matter, are now repealed and reproduced in Section 84 of the Act of 1908. To this section reference should be made. (See also DIRECTORS.)

The effect of Section 84, which refers to every prospectus issued since the year 1890, the date of the passing of the Directors' Liability Act, is very far reaching. The first thing to do is to fix the responsibility for the issue of the prospectus upon some person or persons. Then if there is evidence of this, and also of the fraud or misrepresentation contained in the prospectus, it is extremely difficult for a director or a promoter to escape liability. The defences open to a promoter or a director are set out in the section. Notice must be given of a withdrawal from responsibility. What kind of notice is not quite clear. But if a director or a promoter wishes to make himself as secure as possible when he has become acquainted with the fact that allegations of fraud or misrepresentation are being made as to the prospectus, he should not be content with anything less than a public advertisement.

In any action taken by a shareholder he will be compelled to give the fullest particulars as to the charges of fraud or misrepresentation upon which he intends to rely. This is, of course, only fair

to the defendants. They must know what case they have to meet, so that they may be able to adduce the evidence which will assist them in resisting the claim of the plaintiff, if there is any real defence to the action.

An action founded on fraud or misrepresentation is an action in tort, and it is a rule of law that where two or more parties are held liable, there is no right of contribution amongst these parties themselves. Thus, if A, B, and C are sued jointly in tort and judgment is signed against them for, say, £1,000, the plaintiff can issue execution on his judgment against any one of the parties, e.g. A, and perhaps obtain full satisfaction. But if A has had to pay in this manner, he has no right to proceed against B and C, and to make them pay a share of the loss which he has sustained. And also if one of several parties only is sued and damaged, he cannot recover any of the damages in which he is mulcted from the other persons who have been equally guilty of the tort with himself. The rule would be the same in the case of misrepresentations contained in a prospectus, were it not for the special provision of sub-section 4 of Section 84, which reproduces the effect of similar provisions contained in the Acts of 1890 and 1907. When, therefore, two or more promoters join in issuing a prospectus, knowing that it contains untrue statements, and damages are recovered against one of them, the person who has been mulcted is entitled to recover a portion of the damages which he has been compelled to pay from his fellow promoter or promoters. But no promoter can be held liable to make contributions unless it is shown that he has been himself guilty of the fraudulent misrepresentation, and the court has special power to grant relief in respect of particular matters, under Section 279 of the Act of 1908, which runs as follows—

"If in any proceeding against a director, or person occupying the position of director, of a company for negligence or breach of trust it appears to the court hearing the case that the director or person is or may be liable in respect of the negligence or breach of trust, but has acted honestly and reasonably, and ought fairly to be excused for the negligence or breach of trust, that court may relieve him, either wholly or partly, from his liability on such terms as the court may think proper."

An action may be brought within a period of six years from the time when the plaintiff has suffered damage from the fraud or misrepresentation contained in a prospectus. It must, however, be brought during the lifetime of the persons against whom damages are sought. The legal maxim *actio personalis moritur cum persona* (*q.v.*), and the estate of a deceased defendant cannot be attacked, generally speaking, in any case of tort, unless it is quite clear that his estate has actually benefited by reason of the fraud.

The measure of damages in cases of misrepresentation was discussed in a case tried in 1903. In the course of the judgment, the action being one for damages for misrepresentations contained in a prospectus, it was said, "It is not an action for breach of contract, and therefore, no damages in respect of prospective gains which the person contracting was entitled by his contract to expect come in; but it is an action of tort—it is an action for a wrong done whereby the plaintiff was tricked out of certain money in his pocket; and therefore *prima facie*, the highest limit of his damages is the

whole extent of his loss and that loss is measured by the money which was in his pocket and is now in the pocket of the company. That is the ultimate final highest standard of his loss. But in so far as he has got an equivalent for that money that loss is diminished, and I think in assessing the damages *prima facie* the assets as represented are taken to be an equivalent and no more for the money which was paid. So far as the assets are an equivalent he is not damaged so far as they fall short of being an equivalent in that proportion he is damaged.

As prospectuses are issued for the purpose of raising debentures as well as with the object of raising capital for a company in the first instance all the rules which are applicable in the latter case are equally good for the former though it would appear that there is a greater amount of indulgence granted in respect of the time within which an action may be brought upon a debenture prospectus than upon an ordinary one. Too great reliance however should not be placed upon an indulgence of this character. In all matters where relief is sought the person who is not on the alert to assert his rights cannot expect any sympathy being extended towards him. In legal matters as in business affairs expedition is an all important factor.

**PROTECTED TRANSACTIONS IN BANKRUPTCY**—It is pointed out elsewhere (see VOLUNTARY SETTLEMENT FRAUDULENT PREFERENCE) that many dealings with a person who is or who is about to become bankrupt are void as against the trustee in bankruptcy. For instance if A knows that B is going to file his petition next week and accepts from him a sum of money in payment of a past debt he will be liable to refund that sum to the trustee. Certain transactions however which are innocently carried through before the date of the receiving order are declared by law to be valid.

Thus subject to the provisions of the Bankruptcy Act as to executions (see EXECUTION CREDITORS) the avoidance of certain voluntary settlements (q.v.) and fraudulent preferences (q.v.) the following transactions are valid subject to certain conditions. Payments by the bankrupt to any creditor payments or deliveries to the bankrupt conveyances or assignments by the bankrupt for valuable consideration and contracts dealings or transactions by or with the bankrupt for valuable consideration. The conditions are (1) that the transaction takes place before the date of the receiving order (2) the person (other than the debtor) with whom the transaction is entered into has no notice of any available act of bankruptcy committed by the bankrupt before the date of the transaction.

The following are examples of transactions which have been declared protected under this rule. Seizure of goods under an irrevocable lien or to secure removal of goods so as to take them out of the order and disposition of the bankrupt on a payment to a creditor of a sum payable by a third person to the debtor.

The following are examples of transactions which have been held not to be protected. Any transaction which is void under the Bill of Sale Acts (see BILL OF SALE) a charging order or conveyance in court or an assignment of the whole or substantially the whole of the property of a debtor in payment for a past debt or for other knowing that there are other creditors for in that case the creditor cannot be said to be acting in good faith.

A person who in fulfilment of a contract with the bankrupt made before the receiving order pays him a sum of money after the order may be compelled to pay again to the trustee although he had no notice of the act of bankruptcy.

It remains to consider what amounts to notice of an act of bankruptcy. It obviously does not only mean express notice for a man might have the opportunity of obtaining information and expressly abstain from so doing. It should be mentioned in this connection that all people are presumed to know the law and to know what constitutes an act of bankruptcy (as to the meaning of an act of bankruptcy see BANKRUPTCY PETITION). It has been decided that wilfully abstaining from acquiring knowledge of an act of bankruptcy amounts to notice of such an act. Knowledge that a man has been absconding himself from business or that a man has committed several acts of bankruptcy is sufficient but notice of an intention to commit an act of bankruptcy is insufficient. If a transaction is challenged on the ground that it is not protected the onus of proving that he has had no notice of an act of bankruptcy is on the person concerned.

**PROTECTION**—By Protection is meant a policy which artificially encourages the whole or a part of the industries of a country. Unlike its contrast Free Trade of which the essence is to place all producers—home Colonial and foreign—on the same footing Protection seeks to support the home producer against his foreign rival. It either handles the foreigner by charging him Customs duty for the privilege of selling his goods in the country or it assists the home producer by paying him a bounty on production. The latter method the most in use in former times is now little prevalent except indirectly and we may confine ourselves to an examination of the first method though which by manipulation of the tariff a prohibition or restriction of foreign imports is produced. The tariff in this case is drawn up primarily with a view to the limitation of foreign imports and only secondarily with a view to revenue. In so far as a protective tariff succeeds in its primary function no revenue can of course accrue to the Treasury to the extent that it produces revenue it has failed in its purpose of protection. The object of this tariff said President M. Hayes in presenting the famous tariff of 1890 is not to augment our revenue but on the contrary to reduce it and finally to suppress it altogether when we shall have raised the duties to a sufficient height. And in a country which with no great difficulty could supply itself in the amount of imports it requires but it is different with a country that has sacrificed its agriculture and must feed its people and sustain the raw materials of its agriculture luxuries from abroad. The question is not how we have been kept up at home so as to avoid the home worker a living wage but whether a policy of protection would result in a slackening of the production of exports to pay for the goods needed.

It has better since the appearance of the question is very wide as to the extent the examination of figures. These are only very rough and it was a slow learner's report who said that he said to "Tell me what you want to prove and I will supply the statistics." We take three free as a basis for our argument then it is about which there is no question.

First then the great question—can we do it?



of liability for fraud and misrepresentation, so far as the position of liability of the parties proceeded against is concerned. The facts of this case were extremely interesting, though space does not permit of their being given except in outline. They were as follows. The directors of a tramway company had stated in their prospectus that they had a right to use steam power in the working of their carriages. In point of fact the right to use steam power was subject to the sanction of the Board of Trade, which the directors honestly believed that they would be able to obtain. The permission was not given. It was held that as the statement in the prospectus was made honestly in the belief that it was true, there was no fraud, and consequently the plaintiff failed in his action for deceit. The learned and exhausted judgment of the late Lord Herschell is worthy of the most careful study. It was there pointed out that a director cannot be held liable in damages for false statements in a prospectus if he honestly believed them to be true, even if he had no reasonable ground for his belief. No action for deceit can be maintained unless it is shown that the party making the statement had full knowledge that it was untrue, or made it without any belief in its truth, or recklessly, not caring whether it was true or false. And the proof of these matters always rests upon the plaintiff.

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And thus protective tariffs persist even though they appear absurd contradictions to the efforts of people to facilitate communication. A 10 per cent duty is equivalent to a bad road one of 50 to a broad and deep river without means of passage one of 70 is a vast marsh extending on the two banks of the river one of 100 is a band of robbers who pillage the merchant of almost all he has and force him to be thankful for having escaped with his life.

The Protectionist is quite ready to admit the popular arguments of Free Traders. He knows that protective duties cost much to collect though to be sure the collection of direct taxes themselves involves some expense. He does not deny that the widening of the home market and the increase in the demand for labour caused by a protective tariff are usually coincident with a narrowing of the foreign market and a diminution in the production of goods for export which was profitable under the old system. But he feels that when a great industry is threatened it is matter for long deliberation whether or not means for its preservation can be found.

We have gone very far beyond the point when the whole wisdom of politics was summed up in let alone. In hundreds of ways the administration of capital is definitely limited in the interests of the worker. During the thirty years following 1847 when the Ten Hours Bill became law the principle of regulation has been exerted to an astonishing extent and with general approval. We have to day says Lord Morley

a complete minute and voluminous code for the protection of labour buildings must be kept pure of effluvia dangerous machinery must be fenced children and young persons must not clean it while in motion their hours are not only limited but fixed continuous employment must not exceed a given number of hours varying with the trade but prescribed by the law in given cases a statutable number of holidays is imposed the children must go to school and the employer must every week have a certificate to that effect if an accident happens notice must be sent to the proper authorities special provisions are made for bake houses for lace making for collieries and for a whole schedule of other special callings for the due enforcement and vigilant supervision of this immense host of minute prescriptions there is an immense host of inspectors certifying surgeons and other authorities whose business it is to speed and post over land and ocean on sullen guardianship of every kind of labour from that of the woman who plait straw at her cottage door to the miner who descends into the bowels of the earth and the sea man who conveys the fruits and material of universal industry to an end far between the remotest parts of the globe. It seems but a logical extension of this care for the labourer that the administration of foreign capital also should so far as may be controlled in his behalf that commercial regulation should follow industrial regulation.

**PROTECTIONIST**.—Those persons who advocate the doctrine of protection and are the opponents of free trade.

**PRO TEM**.—An abbreviated form of the Latin expression *pro tempore* for the time being.

**PROTEST**.—(See **PROTESTING A BILL**.)

**PROTESTER**.—One who protests a bill of exchange.

**PROTESTING A BILL**.—When a bill of exchange

is dishonoured either by non acceptance or by non payment it is customary for the holder of the instrument to hand it to a notary public to be protested. The protest is in fact the official certificate which is given by the notary public. The practice of London bankers is as follows. The dishonoured bill is held until the close of business on the day it is dishonoured and it is then sent to a notary. The latter then presents the bill again to the drawee or to the acceptor for acceptance or payment as the case may be and unless it is met in due form the facts of the case are noted upon the bill or upon a slip which is attached to the bill. This constitutes noting. Subsequently the official certificate or protest may be extended as to the date of the noting but the noting must take place on the day that the bill is dishonoured otherwise it is of no value.

Inland bills are not necessarily protested. It is not a condition precedent to the holder's being entitled to proceed against the drawer or any of the indorsers that they should be. But foreign bills must be noted and protested unless the remitter of the bills send instructions that they are not to be so dealt with.

Where an acceptor has become bankrupt or has disappeared a bill is sometimes protested for better security. In such a case the bill should be presented at the address of the acceptor (not at the bank where it may have been accepted payable) and better security asked for and be protested accordingly.

The Bills of Exchange Act 1882 deals with noting and protesting as follows.—By Section 51—

(1) Where an inland bill has been dishonoured it may if the holder think fit be noted for non acceptance or non payment as the case may be but it shall not be necessary to note or protest any such bill in order to preserve the recourse against the drawer or indorser.

(2) Where a foreign bill appearing on the face of it to be such has been dishonoured by non acceptance it must be duly protested for non acceptance and where such a bill which has not been previously dishonoured by non acceptance is dishonoured by non payment it must be duly protested for non payment. If it be not so protested the drawer and indorsers are discharged. Where a bill does not appear on the face of it to be a foreign bill protest there is in case of dishonour unnecessary.

(3) A bill which has been protested for non acceptance may be subsequently protested for non payment.

(4) Subject to the provisions of this Act when a bill is noted or protested it must be noted on the day of its dishonour. When a bill has been duly noted the protest may be subsequently extended as of the date of the noting.

(5) Where the acceptor of a bill becomes bankrupt or insolvent or suspends payment before it matures the holder may cause the bill to be protested for better security against the drawer and indorsers.

(6) A bill must be protested at the place where it is dishonoured. Provided that—

(a) When a bill is presented through the post office and returned by post dishonoured it may be protested at the place to which it is returned and on the day of its return if received

hardware in especial—are dwindling in their exports not only in comparison with other manufacturing nations, but even absolutely dwindling, and, what would have appeared incredible to politicians of an earlier date, the British manufacturer is, in some cases, being ousted from the home market itself. In order to maintain a large output, so as to utilise effectively their enormous plant, it actually “pays” the American steel maker to sell abroad for less than he charges at home, for less, it may be, than cost of production. For with every increase in output the amount which each unit of production has to contribute to the defraying of fixed charges is decreased. The “dumping,” of which abundant evidence was given to the United States Industrial Commission, is not merely a cutting of prices even to the involving of actual loss, in order to drive a rival out of business. It is “business” in which the sole consideration is present and prospective profit. It results not only from a wish “to relieve the market,” but from the necessity of working fixed capital.

“How does the export price compare with the price to the American consumers?” the President of the American Steel and Wire Company was asked by the Commission.

“We are selling in the markets of the world at a less price than at home.”

“Will you kindly explain the business reasons for doing that?”

“The business reason is that by working up a foreign business we can operate our mills more fully, we can make our goods cheaper. At the present time our home prices are probably 50, 60, or 70 cents a hundred higher than our export.” And another witness said, “We would rather be sure of running our works full at a known loss than not to run them at all.”

The argument as to the economy of selling below cost of production is put as neatly as may be by Professor Hadley in *Railway Transportation*—

“It is not true that when the price falls below cost of production people always find it for their interest to refuse to produce at a disadvantage. It very often involves worse loss to stop producing than to produce below cost. Take an instance from railroad business. A railroad connects two places not far apart, and carries from one to the other (say) 100,000 tons of freight a month at a shilling a ton. Of the £5,000 thus earned, £2,000 is paid out for the actual expenses of running the trains and loading or unloading the cars; £1,000 for repairs and general expenses, the remaining £2,000 pays the interest on the cost of construction. Only the first of these items varies in proportion to the amount of business done, the interest is a fixed charge, and the repairs have to be made with almost equal rapidity, whether the material wears out, rusts out, or washes out. Now, suppose a parallel road is built, and, in order to secure some of the business, offers to take it at 10d a ton. The old road must meet the reduction in order not to lose its business, even though the new figure does not leave it a fair profit on its investment, better a moderate profit than none at all. The new road reduces to 7½d. so does the old road. A 7½d rate will pay only £125 for interest, unless there are new business conditions developed by it, but it will pay for repairs which otherwise would be a dead loss. The new road makes a still further reduction to 5d. This will do little toward paying repairs, but that little is better than nothing. If you take at

5d freight that costs you a shilling to handle, you lose 7d on every ton you carry. If you refuse to take it at that rate you lose 7½d on every ton you do not carry. For your charges for interest and repairs run on, while the other road gets the business.”

If a vigorous trade is threatened with extinction through the “flooding of the market” with the foreign product resulting from the desire to keep concerns working at their full power, industrial defence may dictate measures for keeping out the goods. For unless we do, the imports we need will be increasingly paid for by goods in the production of which we have peculiar “strength” owing to our possession of a mass of unskilled labour, low grade and badly paid (see the article on SWEATING SYSTEM), or by export of our coal, an export which has lately much increased.

“The new era of Protection has arisen not because economists and statesmen have been unable to understand the beautiful arguments of Free Trade, not because a few monopolists and manufacturers have dominated the Government, it has arisen from the natural instincts of the peoples. It does not only rest on the doctrine of educative tariff [the ‘infant industries argument,’ for which see the article on FREE TRADE]. It arises from a motive which is rather instinctively felt than clearly understood, namely, that tariffs are international weapons which may benefit a country, skilfully used.”

And so the modern advocate of Protection is so careful of answering the abstract arguments of the Free Trader. He admits all that his Free Trade opponent asserts as to the economical advantage of producing goods where they can be most cheaply produced, while still he maintains that, in a single country, it is not always well to destroy a free industry for the sake of cheapness through foreign import—cheapness which may be only temporary. Since, he argues, international trade has, in our days, assumed the character of a struggle for existence, it is bound to result in a crushing out of the weaker. Canada has natural advantages that enable it to produce wheat much more cheaply than we can, and our farmers find wheat growing less profitable. Let them turn to “something else,” says the Free Trader: let them make cottons as China, but quite enough are making cottons at home, and the demand abroad would seem to be diminishing instead of increasing. Let them use the skill acquired in agriculture to do this, then. There is some difficulty in doing this, but it would be accomplished if the United States were not such formidable competitors in steel production, and the superiority may exist in other countries and other things. If there is nothing, then, in which we can compete, let us transfer our capital and labour to the countries which provide the conditions for successful competition. Let us all emigrate, and the nation had no wish to continue as a separate State with its own national life, such is the logic. Besides, the Protectionist affirms even if a nation could find something in which its labour was relatively most productive, it would still be better to devote itself exclusively to this one thing. In the individual, too great specialisation is evil, and the evil would be intensified if the whole nation specialised. To produce a full and rich life it is needful to multiply all forms of social activity.

**PRUSSIA.**—(See GERMANY)

**RUSSIAN BLUE**—A dark blue chemical precipitate largely used before the introduction of the aniline colours for tinting paper dyeing and for laundry purposes. The commercial product is usually obtained by oxidising a mixture of ferrous sulphate and yellow prussiate of potash.

**PRUSSIC ACID**—The popular name for hydrocyanic acid (q.v.)

**PUBLIC ACCOUNTS.**—All the financial affairs of the nation as well as those of all public bodies are in the hands of various permanent officials. The officials are specially selected and appointed to attend to them. As to the accounts of the nation these are nominally under the control of the Treasury at the head of which is the Chancellor of the Exchequer but in reality the whole of the routine work is carried out by subordinate officials in subordinate departments. As to the accounts of public bodies such as county councils municipal corporations etc. these are managed by selected officers and audited at certain stated periods by elective officials the whole being in the long run controlled by the Local Government Board.

By Section 18 of the Exchequer and Audit Departments Act 1866 (29 & 30 Vict. c. 39) —

The Treasury may from time to time determine at what banks accountants shall keep the public moneys entrusted to them and they may also determine what accounts so opened in the names of public officers or accountants in the books of the Bank of England or the Bank of Ireland or of any other bank shall be deemed public accounts and on the death resignation or removal of any such public officers or accountants the balances remaining at the credit of such accounts shall upon the appointment of their successors unless otherwise directed by law vest in and be transferred to the public accounts of such successors at the said banks and shall not in the event of the death of any such public officers or accountants constitute assets of the deceased or be in any manner subject to the control of their legal representatives.

By the Stamp Act 1891 the following are exempt from stamp duty—

Draft or order drawn upon any banker in the United Kingdom by an officer of a public department of the State for the payment of money out of a public account.

Bill drawn in the United Kingdom for the sole purpose of remitting money to be placed to any account of public revenue.

**PUBLIC ANALYST.**—(See ANALYST PUBLIC)**PUBLIC AUTHORITIES PROTECTION ACT.**

The Public Authorities Protection Act was passed in 1893 for the purpose *inter alia* of protecting public bodies from expense when they are unsuccessfully sued in respect of acts done or omitted to be done in the exercise of statutory powers or duties. It repeals so much of every public general Act as enacts that in any proceeding to which the 1893 Act applies the proceeding is to be commenced in any particular place or within any particular time or that notice of a claim is to be given or that the defendant is to be entitled to any particular kind or amount of costs or that the plaintiff is to be deprived of costs in any specified event and it also repeals portions of a great many prior Acts of Parliament and substitutes in place of varying and special privileges a uniform protection for all defendants in respect of an action

prosecution or other proceeding commenced against them for any act done in pursuance or execution or intended execution of any Act of Parliament or of any public duty or authority or in respect of any alleged neglect or default in the execution of any such act duty or authority. The words action prosecution or other proceeding commenced against them are interpreted strictly and the protection of the Act does not apply to an appeal or an interlocutory application but it does apply to an action where only an injunction is asked for to actions for negligence infringement of patent and to criminal proceedings and to claims for penalties by a common informer or aggrieved person and to applications under the Judicature Protection Act 1848 for mandamus prohibition or certiorari not made by a department of the Government. It applies also to a consent order made in Chambers dismissing an action.

The protection given by the Act is as follows—

(a) No action prosecution or proceeding can be brought or instituted except within six months next after the neglect or default complained of or in case of a continuing injury or damage within six months after the ceasing thereof and wherever in any such action the defendant obtains judgment the judgment carries costs to be taxed as between solicitor and client instead of ordinary party and party costs. In ordinary cases tried without a jury the judge has a complete discretion as to the awarding of costs and may when he thinks proper deprive a successful defendant of the whole or any part of his costs. He can also in cases to which this Act applies for good cause deprive a successful defendant of his costs but if judgment is entered up for the defendants with costs it must be entered up for costs to be taxed as between solicitor and client. It is perhaps unnecessary to point out that in cases to which the Act applies the judge's discretion with regard to the costs of a successful plaintiff remains unaltered and he can in a proper case deprive the successful plaintiff of the whole or part of his costs.

(b) Where the proceeding is an action for damages tender of amends before the action was commenced may in lieu of or in addition to any other plea be pleaded. If the action was commenced after the tender or is proceeded with after payment into court of any money in satisfaction of the plaintiff's claim and the plaintiff does not recover more than the sum tendered or paid he cannot recover any costs incurred after the tender or payment and the defendant is entitled to solicitor and client costs as from the time of tender or payment but this provision does not affect costs on any injunction in the actions. So far as the costs of the injunction are concerned where the injunction is a material or substantial part of the relief claimed these costs remain in the unfettered discretion of the judge.

If in the opinion of the court the plaintiff has not given the defendant a sufficient opportunity of tendering amend before the commencement of the proceeding the court may award to the defendant costs to be taxed as between solicitor and client. If however the defendant is a local authority or an officer of a local authority and the proceedings are brought by any department of the Government the provisions of this Act do not apply. The benefit of the statute does not extend to every action in pursuance of an Act of Parliament. It does not apply to a company incorporated by Act of Parliament not only for the performance of duties of

on proving to its satisfaction that he acted wrongly in examining proxies, the secretary should see—

- (1) That the form is in accordance with the one (if any) set out in the articles
- (2) That the form is properly stamped
- (3) That it is signed by the appointor
- (4) That the signature is properly witnessed.
- (5) That the person appointed is a member of the company (where that is required)
- (6) That the number of votes to which the appointor is entitled (where the proxy form requires this particular) is filled in, and that such number is correct

If the name of the company is not printed on the form, he should take care that it is correctly written.

With regard to the person appointed, it is not essential that he should be mentioned by name, so long as there is a clear indication as to his identity, e.g., "The Manager of the Putney Branch of the X Y Z Bank" or "The Chairman of the Meeting" would be permissible.

Provided they are acting *bona fide* in the interests of the company, directors are entitled to issue stamped proxy forms to the shareholders at the expense of the company. They may also enclose stamped addressed envelopes for the return of the proxy forms. It was thought at one time that the directors in following this practice were acting *ultra vires*, and that they could be surcharged with the money expended, but the courts have since decided otherwise, and this applies even if the directors have had the blank forms filled up in their own favour.

The provisions of the Stamp Act in connection with proxies have to be carefully considered. The forms must be stamped before being used, and if intended for one meeting only, which includes any adjournment thereof, are hable to the duty of 1d, which may be denoted either by an adhesive or an impressed stamp. If intended for use at more than one meeting, an impressed stamp of 10s is necessary. In order to come within the provisions allowing a 1d stamp, the meeting at which the proxy form is intended to be used must be precisely indicated. A proxy form executed abroad may be stamped within thirty days of its arrival in the United Kingdom, but no proxy form may be stamped with a 1d stamp *after execution*, if the signature has been affixed in the United Kingdom. The penalty for making or voting under an unstamped proxy is £50, and the vote given is void.

**PROXIMO.**—The next approaching month, or if a particular month is named, the next month of that name.

**PROXY.**—The person who acts for another, also the document appointing him. The articles of association of a company usually provide for votes being given by proxy.

The instrument appointing a proxy may be in the following form or in any other form which the directors shall approve—

"... Company, Limited

"I Alfred Jones of Milton House, Shenfield, in the county of Essex, being a member of the A B Company, Limited, hereby appoint Thomas Smith of 985 Strand, in the county of London, as my proxy to vote for me and on my behalf at the [ordinary or extraordinary as the case may be] general meeting of the company to be held on the 29th day of August, 1912, and at any adjournment thereof.

"Signed this 24th day of August, 1912"

Articles of association often contain a clause that no person shall act as a proxy unless he is entitled on his behalf to be present and vote at the meeting at which he acts as proxy.

Sec 68 of the Companies (Consolidation) Act, 1908, gives power to a company which is a member of another company, by resolution of the directors, to authorise any of its officials or any other person to act as its representative at any meeting of the other company, and to exercise the same powers on behalf of the company which he represents, as if he were an individual shareholder of the other company. (See MEETINGS)

The instrument appointing a proxy must be deposited at the registered office of the company within the time specified in the articles.

The stamp duty on a letter or power of attorney, or other instrument for the sole purpose of appointing or authorising a proxy to vote at any one meeting at which votes may be given by proxy, whether the number of persons named in such instrument be one or more, is one penny. (See POWER OF ATTORNEY) If the instrument is for use at more meetings than one, the duty is 10s.

Sec 80 of the Stamp Act, 1891, provides as follows—

"(1) Every letter or power of attorney for the purpose of appointing a proxy to vote at a meeting, and every voting paper, hereby respectively charged with the duty of one penny, is to specify the day upon which the meeting at which it is intended to be used is to be held, and is to be available only at the meeting so specified, and any adjournment thereof.

"(2) The duty of one penny may be denoted by an adhesive stamp, which is to be cancelled by the person by whom the instrument is executed and a letter or power of attorney or voting paper charged with the duty of one penny is not to be stamped after the execution thereof by any person.

"(3) Every person, who makes or executes, or votes, or attempts to vote, under or by means of any such letter or power of attorney or voting paper, not being duly stamped, shall incur a fine of fifty pounds, and every vote given or tendered under the authority or by means of the letter or power of attorney or voting paper shall be void."

By the Finance Act, 1907, Sec 9, so much of s 2 of Sec 80 of the Stamp Act, 1891, as prevents the stamping after execution of a letter or power of attorney or voting paper charged with the duty of one penny, shall cease to apply as regards any such instrument which has been first executed at any place out of the United Kingdom, and, accordingly, any such instrument so executed after the commencement of this Act may be stamped after execution in accordance with Sec 15 of the said Act. (See STAMP DUTIES.)

A proxy in connection with bankruptcy proceedings is exempt from stamp duty.

**PRUNELLOES.**—Small plums imported into Great Britain from France and Austria.

**PRUNES.**—Plums dried whole either artificially or by simple exposure to the sun. The principal varieties are the Julien and the Catharine. They are useful medicinally, but are mainly valuable for culinary purposes. Prunes are obtained chiefly from France but small supplies are also imported from Germany, Bosnia, Servia, and America.

library. The library authority may then proceed to provide all or any of the following institutions viz., public libraries, public museums, schools for science, art galleries and schools of art, and for that purpose may purchase and hire land and erect alter and repair buildings and fit up and furnish them with the necessary furniture, fittings, conveniences, books, newspapers, maps, pictures, specimens, etc.

In a town the council by adopting the Museums and Gymnasiums Act 1891 may also provide and maintain gymnasiums. No charge can be made for admission to a library or museum or in respect of the loan of books from the library, but the authority has a discretion to permit persons not inhabitants of the district to take out books either gratuitously or for payment.

The expenses shall be paid out of the rates, but no more than a 1d. in the £ can be levied for this purpose in any one year, and it is within the power of the authority or the electors as the case may be to limit the expenditure to an amount not exceeding a 1d. in the £. Many towns however have obtained special parliamentary powers to enable a greater rate to be levied for library and kindred purposes. The authority may make by laws and regulations for the safety and use of every library, museum, art gallery or school under their control and for the admission of the public thereto. These will generally provide for the exclusion of offenders from the benefits of the institution and for the infliction of a pecuniary penalty, and it may be noted that in addition the effect of the Libraries Offences Act 1897 as extended by the Public Libraries Act 1907 is to provide that any person who in any library, museum, art gallery or school provided by the authority to the annoyance or disturbance of any person using the same behaves in a disorderly manner or uses violent abusive or obscene language or bets or gambles or who after proper warning persists in remaining therein beyond the hours fixed for the closing thereof may on summary conviction be fined a sum not exceeding 40s.

In order to check the spread of infectious disease Section 59 of the Public Health Act 1907 provides as follows—

(1) If any person knows that he is suffering from an infectious disease he shall not take any book or use or cause any book to be taken for his use from any public or circulating library.

(2) A person shall not permit any book which has been taken from a public or circulating library and is under his control to be used by any person whom he knows to be suffering from an infectious disease.

(3) A person shall not return to any public or circulating library any book which he knows to have been exposed to infection from any infectious disease or permit any such book which is under his control to be so returned, but shall give notice to the local authority that the book has been so exposed to infection and the local authority shall cause the book to be disinfected and returned to the library or to be destroyed.

(4) The local authority shall pay to the proprietor of the library from which the book is procured the value of any book destroyed under the power given by this Section.

(5) If any person acts in contravention of or fails to comply with this Section, he shall be liable

in respect of each offence to a penalty not exceeding 40s.

**PUBLIC MEETINGS ACT**—This is an Act passed in the year 1908 having for its purpose the suppression of disturbances at public meetings which disturbances had become very common about that time. There is but one section of the Act and its purposes and the means of accomplishing them are best given by a quotation of the whole of the section which is as follows—

Any person who at a lawful public meeting, acts in a disorderly manner for the purpose of preventing the transaction of the business for which the meeting was called together shall be guilty of an offence and if the offence is committed at a political meeting held in any parliamentary constituency between the date of the issue of a writ for the return of a member of Parliament for such constituency and the date at which a return to such writ is made he shall be guilty of an illegal practice within the meaning of the Corrupt and Illegal Practices Prevention Act 1883 and in any other case shall on summary conviction be liable to a fine not exceeding five pounds or to imprisonment not exceeding one month. Any person who incites others to commit an offence under this section shall be guilty of a like offence.

**PUBLIC POLICY**—This phrase is used with the utmost frequency though it cannot be said to have any very precise definition. In fact the courts have repeatedly refused to enunciate a definition as they have stated over and over again that it is impossible to do so with any chance of finality, seeing the rapid changes of public opinion owing to varying circumstances. In the words of a well known judge, "Judges are more to be trusted as interpreters of the law than as expounders of what is called public policy." Speaking generally however it is agreed on all hands that good government demands the recognition of certain principles which tend towards the advance and welfare of society and that these principles should be in accord with the accepted ideas of good taste and decency. Anything which is opposed to these principles is said to be contrary to public policy. Thus certain contracts are held to be contrary to public policy although they are not necessarily forbidden by statute law. Amongst these may be mentioned covenants in restraint of trade, contracts which are offensive to the accepted standard of morality, those in restraint of marriage, interference with the due course of justice, etc.

**PUBLIC PROSECUTOR**—This is a public official upon whom is devolved as his main duty the taking in hand of all prosecutions which are directed against offenders in matters of great importance or where it appears probable that there may be great difficulties encountered in the conduct of any particular case. Owing to the burden as to expense and trouble imposed upon private individuals in former times in connection with prosecutions many criminals were allowed to escape in spite of the heinousness of their offences. It was to prevent this that the office of Public Prosecutor was first established in 1879. The duties of the officers were transferred to the Treasury Solicitor in 1884. But now by the Prosecution of Offences Act 1903 it is enacted as follows—

(1) The provisions of Section 2 of the Prosecution of Offences Act 1884 which unite the

public utility, but also for the purpose of earning profits. Speaking generally, it applies to all municipal bodies or public authorities, but not to companies formed for commercial profit. It does not apply to claims against a public body for goods sold and delivered, or for work and labour done. Such claims as these arise out of a private contract between the public body and the plaintiff, and not out of anything done or omitted to be done under the defendant's statutory powers or public duties. If the guardians of a parish are under a statutory liability to provide certain buildings for the poor, and they enter into a valid contract with a builder to erect those buildings, the builders' right to payment for work done depends only on the private contract between him and the guardians, and the guardians are not sued for anything done or omitted to be done under their statutory powers or duties, but for breach of their private duty to the builder under the contract. The Act applies to a municipal corporation carrying on works outside its strictly municipal duties, the profits of which go to the relief of the rates (e.g., tramways, docks, or electric lighting), but it is confined strictly to public authorities and officials and persons acting under them. It does not apply to the case of an independent contractor employed by a public authority under a contract, and not as a mere servant or agent, to do work which the latter is empowered to do. It applies to the case of a medical practitioner giving the statutory notice as to a patient suffering from an infectious disease, to a justice of the peace acting in the intended execution of the Vaccination Act, or to a volunteer colonel engaged in his military duties, but it does not apply to the trustees of a local loan society, nor to proceedings brought against a public authority for compensation under the Workmen's Compensation Act, 1906.

The limitation of six months within which the action must be commenced runs, in the case of personal injuries, from the date of the act causing the injury; in an action against a justice of the peace for illegal distress in respect of a warrant issued by him without jurisdiction, from the date of the trespass committed against the plaintiff by the officer of the court, and not from the date of the issue of the warrant; and in the case of a continuing injury (e.g., the pollution of a stream), from the date of the cessation of the injury.

**PUBLIC COMPANIES.**—The joint-stock or limited liability companies which apply to the public for subscription, and which are composed of shareholders who are at liberty to sell their shares publicly without the consent of their fellow shareholders.

**PUBLIC EXAMINATION** (and see **PRIVATE EXAMINATION**).—After a receiving order has been made against a debtor, he attends at court to undergo his public examination. This is an examination as to his conduct, dealings, and property. It is held after the expiration of the time for the submission of the statement of affairs. Notice of the time and place is given to the debtor and to the creditors by the official receiver. If the debtor fails to appear, a warrant may be issued for his arrest. If the debtor is a lunatic, or if he suffers from such mental or physical infirmity that he is unfit to attend, the court may dispense with the examination, or direct that he be examined in such manner and place as may seem most meet.

A creditor who has tendered a proof, his representative authorised in writing, may question

the debtor concerning his affairs, and the causes of his failure. Even a solicitor must be authorised in writing to take part in the examination, and must produce his authority if required. The official receiver takes part in the examination. The trustee may also take part, and the court may put such questions as it thinks proper to the debtor. A creditor may also examine, either personally or by a solicitor. The debtor gives his evidence on oath, and must answer such questions as the court shall put or allow to be put to him. Notes of the examination are taken down and are read over to or by, and are signed by, the debtor, and may, thereafter, be used in evidence against him. They are also to be open to the inspection of any creditor at all reasonable times. When the court is of opinion that the debtor's affairs have been sufficiently investigated, it must declare that his examination is concluded, but such order cannot be made until after the day appointed for the first meeting of creditors.

If the court is of opinion that the results of the examination are insufficient to inform the trustee as to the bankrupt's affairs, the examination may be adjourned. To bribe or endeavour to bribe the debtor to conceal or suppress any facts which he should bring out is punishable as a contempt of court.

(As to public examination in a small bankruptcy, see **SMALL BANKRUPTCIES**.)

**PUBLIC LIBRARIES.**—A great advance has taken place of late years in the establishment in towns and villages of free public libraries for the use of the inhabitants, in many cases in conjunction with museums, art galleries, gymnasias, and other institutions for the mental and physical recreation and education of the people. Libraries and their adjuncts may be obtained in various ways, sometimes by the liberality of individual citizens, sometimes under special powers conferred by private Acts of Parliament, but more often by virtue of the provisions of a series of public Acts specially relating to such institutions. The space we are able to devote to this subject will not permit more than a very general survey of the way in which a public library may be provided and maintained, and for the rest we must refer readers to the provisions of the Public Libraries Acts, 1892, 1893, and 1901, the Libraries Offences Act, 1898; the Museums and Gymnasiums Act, 1891, the Technical and Industrial Institutions Act, 1892, and of such measures as the Public Health Acts, 1875 and 1907, and the Local Government Act, 1894, which relate to the subject.

The first step to be taken is for the consent of a municipal borough, or urban district, or the parish meeting of any rural parish, to pass a resolution adopting the Public Libraries Act, 1892, within their area. The resolution must be passed at a meeting called for the purpose, and by the majority of those present and voting. A poll may be demanded in the case of a resolution proposed at a parish meeting, when a bare majority of the parochial electors voting at the poll will be sufficient. If the poll is against adoption, the question cannot be submitted again till after the lapse of a year.

If the resolution is passed, the town council, urban district council, or parish council become the library authority for the district. In parishes not having a parish council, the parish meeting or appointed commissioners to establish and maintain the

some openings for high-capacity waggons. Coal passing in large quantities for locomotive use and a regular traffic between specific points in iron ore and bricks can be conveyed in 30-ton or 40-ton trucks with advantage. Several companies have built waggons of this description for these special purposes. When a wagon attains a capacity of 30 tons it must be carried on bogies. The North Eastern Company now carry the major portion of their mineral traffic in 20-ton trucks while many other companies are acquiring a stock of 15-ton to 20-ton mineral waggons.

British railways are worked on the absolute block system the object of which is to maintain a certain interval of space between all trains instead of an uncertain interval of time as formerly. The line is divided into sections varying in length from a few chains to several miles according to the volume of traffic. A signal box is placed at the termination of each section and provided with a number of fixed signals outside and within the levers that actuate the movements of the latter together with electric bells, block telegraph instruments, telephones etc. The principle of the block system is that two trains travelling on the same set of rails shall never be in the same section at the same time though this rule is relaxed in certain circumstances by employing what is known as the permissive block system which is governed by stringent conditions. The form of fixed signal generally adopted is the semaphore which consists of a timber or iron pole varying in dimensions according to circumstances but sometimes as much as 70 ft high with an arm about 5 ft long capable of assuming two positions when actuated by mechanical force. When this arm is in its normal position viz horizontal and at right angles to the post it signifies stop when it is nearly vertical it indicates go on.

A considerable number of power systems of signalling have come prominently to the fore in recent years, in consequence of the large increase of traffic (which has necessitated a greater number of tracks and considerable enlargements of stations and yards) causing a distinct demand for some form of operating signals and points which shall give greater ease and safety in handling heavy traffic together with more economical working than can be obtained by ordinary manual plants. The feature of a power system is that the signalman is provided with means of easily moving points and signals by either all electric, electro-pneumatic, hydraulic or electro-hydraulic power. As with the manual system it is necessary to have levers in a signal box interlocked with each other and connections between the box and the points and signals. With some power installations like the Westinghouse and the Crewe the ordinary mechanical levers are retained in miniature thus the signalman has nothing new to learn in the way of movements or catches. As a rule however the interlock machine for a power system is smaller and more compact and it is possible to interlock points and signals by return connections to the levers in the box. A signalman therefore when moving a lever is made aware that the point or signal has answered his lever. Again with several power systems should a signalman omit to put a signal to danger it will be thrown up automatically by the passage of a train. The connections with the signal and switch motors are invariably underground and it is now agreed on

all hands that surface rods and wires should be abolished in station yards on account of the great risk to railway officials from exposed gear. Moreover with the connections laid underground these are not liable to accident neither can they get clogged with snow ice or dirt. Train movements can be effected much more rapidly by means of a power installation than by any manual plant.

A further development of the power system is automatic signalling whereby the trains are made to signal themselves. There are several different kinds of automatic signalling systems in vogue but one feature is common to all—namely an electrical wire and track circuit circulating over each block section. These currents are furnished by gravity batteries and are of low tension inasmuch as they do not perform the signal movements but are required merely to regulate the actual motive power which is led through valves to the signal motors. The motive power is usually compressed air as in the case of the London and South Western and Metropolitan District Companies installations but the North Eastern Railway employs cylinders charged with liquid carbonic acid gas at a pressure of about 800 lbs to the square inch. The gas motor possesses the advantage of obviating the employment of an air compressing plant and pipe-lines.

When a train enters a section its wheels short circuit the track battery—the current flows through the axles thereby putting the actual motive power into operation to set the signals which it has just passed at danger. The train having cleared block 1 and entered block 2 the current of the track battery is again flowing through the rails thereby causing the signals to resume their normal position. With some installation whilst the circulation is for the semaphores stand at safety but with others the normal positions of the signals conform with the Standard Block Regulations—viz Danger and on the approach of the next train the line being clear a mechanical contrivance attached to the section enables the signal to be cleared.

The fundamental characteristics of British locomotive practice have undergone revolutionary and progressive changes during the last fifteen years. The growth of the weight of long-distance passenger trains as brought about by bogie corridor carriages and restaurant cars has rendered imperative the use of more powerful engines than the single driving wheel type which reigned supreme on most of our railways for many years. No new engines of this type have been built since 1901. The four coupled wheel engine which gives greater haulage capacity because greater weight of the engine is available for adhesion of course came into vogue at an early period and in a modernised form is still holding its own though this is the only country in which it is not considered obsolete. The Midland and Great Eastern railways put their faith to this type which also preponderates on the London and North Western while the progressive North Eastern Company has again resorted to its use after discontinuing for a time the building of it. Attempt to establish the contention that here the front rank of locomotive performance is concerned the 4-4-0 type has been superseded by the Atlantic and 4-6-0 type cannot but fail for the evidence is all to the contrary. The introduction of the ten wheeler was the logical outcome of increasing the length, and therefore the size and the power of the boiler. A longer boiler entailed a longer



bearing surface, and therefore an additional pair of wheels became necessary. It follows that locomotive designers had the alternative, either to add a third pair of driving wheels, or to adopt a small pair of carrying wheels beneath the fire box. In 1898 the Great Northern Railway built the first engine of the latter, the "Atlantic" type, in this country, in 1899 the Lancashire and Yorkshire followed suit, and in the same year the North Eastern introduced us to the 4-6-0. There has been a great battle between these two types, for the Great Western, North Eastern, Lancashire and Yorkshire, and Great Central have tried both. The issue lies between the greater freedom, less wear and tear to working parts, and scope for a wider fire box enjoyed by the "Atlantic" as against the 4-6-0, and the increased haulage power possessed by the latter from the additional weight available for adhesion, owing to the presence of a third pair of driving wheels. With the Great Northern Railway the "Atlantic" has become the standard, whereas with the Great Western the 4-6-0 enjoys pride of place for hauling the heaviest and fastest trains, the "Atlantic" having been entirely discarded. With the Caledonian the 4-6-0 gives such satisfaction that the Company will not even experiment with its rival, while the London and South Western relies on the former for hauling the heavy West of England express trains at 54 miles per hour over the steep banks west of Salisbury, and has recently extended its employment to the Bournemouth service. The Great Eastern Railway is building some 4-6-0 engines. Companies which use "Atlantic" engines in turn with the 4-4-0 type are the North British and Brighton, and those which still employ the "Atlantic" in turn with the 4-4-0 and 4-6-0 types are the Great Central, Lancashire and Yorkshire, and North Eastern. The London and North Western, Glasgow and South Western, and Highland have all got 4-6-0 engines at work. At present but one engine of the "Pacific" or 4-6-2 type which seeks to combine all the advantages of the 4-6-0 and 4-4-2 types has been built or is running in this country. It was constructed by the Great Western Railway and is named the "Great Bear". Its principal dimensions are as follows:—four simple cylinders, each 15 in. diameter by 26 in. stroke, length of tapering boiler 23 ft., maximum diameter of same 6 ft., grate area 41.79 sq. ft., total heating surface of boiler 3,400.81 sq. ft., diameter of driving wheels 6 ft. 8½ in., steam pressure 225 lb. per sq. in., weight of engine 97 tons 5 cwt., or together with tender 143 tons. The "Great Bear" is the largest, heaviest, and most powerful locomotive ever built in this country. Prior to the present era of locomotive development an express passenger engine was classed as big and powerful when its dimensions ruled somewhere about the following:—two simple cylinders 17 in. in diameter with 24 in. of stroke, length of boiler 11½ ft., diameter of same 4½ ft., grate area 18 sq. ft., total heating surface of boiler 1,200 sq. ft., weight of engine, exclusive of tender, 45 tons, whilst the steam pressure employed was usually 140 lb.

The system of compounding has never been popular with our railways, but it has had one great protagonist in the late Mr F. W. Webb, chief mechanical engineer of the London and North Western Railway. Mr Webb was the inventor of the three-cylinder compound, having two high pressure cylinders outside, and one low pressure

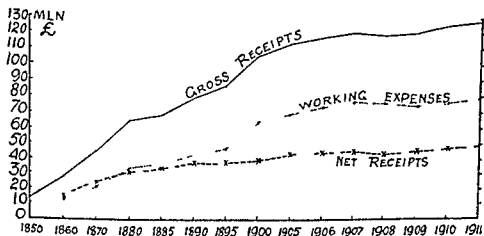
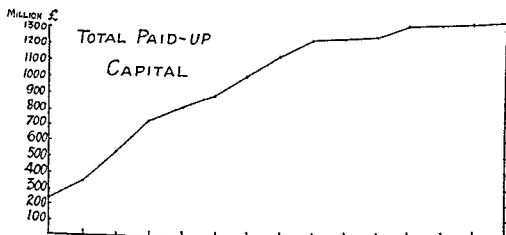
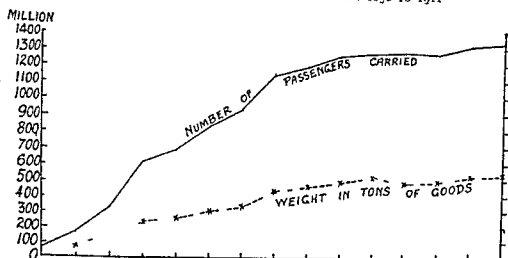
cylinder inside, but none of his passenger three-cylinder engines had their driving wheels coupled together. In 1897 Mr Webb decided to adopt two low pressure and two high pressure cylinders, and to couple the wheels; but upon his retirement in 1904, his successor, Mr Whale, reverted to the simple engine, and there are now no compounds of any description running on the London and North Western Railway. About the year 1903 another system of compounding—the "Smith"—was taken up by the North Eastern, Great Central, and Midland Companies, which system exactly reverses Mr Webb's, for it provides for one high-pressure cylinder inside, and two low pressure cylinders outside, and also for coupling the driving wheels. A later development of the "Smith" principle has been a four cylinder compound, of which the North Eastern possesses a class. The "de Glehn" system of compounding, with which the separate pairs of cylinders drive on separate axles (whereas both the "Webb" and "Smith" systems drive on the leading axle), has come to the fore in a somewhat modified form since the Great Western Railway imported some French built locomotives of this type. The Great Western and the Great Northern Railways have built engines, in which the essential principles of the "de Glehn" method are imitated.

The attempt to obtain power by means of augmented cylinder capacity led to the adoption of the four cylinder simple engine, and undoubtedly the present tendency of British locomotive development is towards this type, together with lighter individual mechanism, and superheater for supplying steam at high temperatures. Superheating has fairly arrived in this country. It yields reduced water, and fuel consumption, and greater haulage capacity, it permits of the use of a less bulky boiler and of a drop in the working steam pressure, while, above all, it obviates cylinder condensation. The craze for high steam pressures, i.e., 200 lb. and upwards—was due to the introduction of the compound locomotive, and the corollary of such pressures is expensive strengthening of all parts, whereas with a superheater nearly equivalent results can be obtained much more economically by slightly enlarging the cylinders and reducing the steam pressure. The Great Western, London and North Western, and Lancashire and Yorkshire Companies are giving superheating an exhaustive trial. Suburban trains have likewise increased in number and weight, and higher speeds are demanded of them, in order to get the traffic through, and effectually to compete with electric trams. Consequently, very powerful tank engines of the 4-4-0, 4-6-0, 2-6-2, and 4-6-2 types, etc., have recently been built for this work. The weight and dimensions of these engines are practically the same as those of the latest express tender engines of the corresponding wheel arrangement. Lastly, of late years, our railway companies have been led to follow their foreign contemporaries in the provision of bigger boilers whereby to increase the power of their goods engines, and with the appearance of larger boilers eight coupled driving wheels, with or without the adjunct of a leading pony truck,—have become extensively employed, though the majority of goods engines still are six-wheelers.

The following is a list of the principal railways of the United Kingdom, together with the names of the principal towns served by each of them. The order is according to length of mileage.

# RAILWAYS OF GREAT BRITAIN

DIAGRAMS SHOWING TOTAL PAID UP CAPITAL THE TOTAL NUMBER OF PASSENGERS AND GROSS WEIGHT OF GOODS CARRIED ETC FROM 1850 TO 1911



the inclusive speed averages 14.3 miles an hour. There are several even mile-a-minute timings for the 90 miles run between Jersey City and Philadelphia. However, the fastest running in the States is performed by the Philadelphia and Reading Railroad between Philadelphia and the seaside resort of Atlantic City, though the rail journey begins and ends at Camden, between which and Philadelphia passengers have to be ferried across the Delaware. The business men's best trains on the Reading are scheduled to cover the 55½ miles of rail in 50 minutes, start to stop, with loads of from 200 to 300 tons behind tender. This gives a booked speed of 66.6 miles an hour. There is an alternative route by the Pennsylvania, with 59 miles of rail. The Pennsylvania best is now 59 minutes, but the timing has been 54 minutes, equivalent to 65.5 miles an hour. A great obstacle to fast running on the majority of American railways is the original vice of construction with level highway and railway crossings.

**V CANADIAN PACIFIC RAILWAY**—In the year 1850 there were only 55 miles of railway in the whole of Canada, whereas about 7,000 miles of railway were then in operation in the United Kingdom. At the present time the railway mileage of Canada exceeds that of the United Kingdom by more than a thousand miles. In Canada to-day there are five great railway systems, namely, the Canadian Pacific, the Grand Trunk, the Grand Trunk Pacific, the Canadian Northern, and the Intercolonial Railway. The Canadian Pacific Railway is now the largest railroad corporation in the world. It operates, including its leased lines, over 14,000 miles of track, including the longest continuous line in the world under one direction, for although the United States transcontinental line from New York to San Francisco is some 600 miles longer, it is controlled by three companies. In the history of our own time no single public work, with the possible exception of the Suez Canal, has had such a marked effect on the relations of the world, and particularly those portions included in the British Empire, as the construction of the Canadian Pacific Railway. It was in 1880 that a contract and agreement was made between the Dominion and an Incorporated Company, known as "the Syndicate," for the construction, operation, and ownership of the Canadian Pacific Railway. Previously to this the Dominion Government had arranged to establish transcontinental railway communication between the cities of eastern Canada and the Pacific coast, such an undertaking being deemed too gigantic for private enterprise. With this idea the Dominion began its construction, and in 1871 surveying parties were sent out to explore the comparatively unknown region, through which, if possible, it should pass. But in 1880 the government had only 700 miles of line to show for its nine years' labour and profuse expenditure of capital, and the enterprise was on the verge of collapse. Lord Strathcona, Lord Mount Stephen, and Sir William Van Horne were the ruling spirits of the syndicate, and the investment has been a "bold ruse" for them. In chartering the Canadian Pacific Company the Dominion Government adopted a policy precisely similar to the one carried into effect by the United States Congress with regard to the other transcontinental railways by giving both a money and land subsidy. The subsidy in money was \$25,000,000 and in land 25,000,000 acres, such land to be chosen along the route between Winnipeg and the Rockies—and the promoters

ploughed the land at intervals of 20 miles, to satisfy themselves that it was fertile. The charter also gave the company very large additional powers, embracing the right to build branches, open telegraph lines, and establish steamship services from its terminals. The syndicate undertook to complete the line from ocean to ocean by 1891. It was, however, carried out with so much energy that in half the time agreed upon the colossal task was finished. On November 7th, 1885, the tracks coming from the east and the west were finally joined at Craigellachie, in the Eagle Pass, the last spike being driven by Lord Strathcona, then plain Mr. Donald Smith.

On June 28th, 1886, the first through train left Montreal, arriving at Port Moody, the temporary terminus, on July 4th, the journey of 2,885 miles occupying exactly 136 hours. As a feat in railway construction the Canadian Pacific is often compared to the Trans-Siberian Railway. But what are the real facts? The Siberian line advanced at the rate of a mile a day, the Canadian at 2½ miles; the Siberian railway cost 85 million pounds, the Canadian 28 millions; on the former 150,000 labourers were employed at one time, on the latter 40,000. As regards track, equipment, speed, and punctuality, there is no comparison between the Canadian Pacific and the Trans-Siberian system. To travel "in the C P R style" is the highest possible encomium that can be passed on comfortable journeying by land or sea, or sojourning in hotels, for the Company has a complete chain of palatial hotels all the way across Canada. A fleet of 57 steamships is owned and operated by the Canadian Pacific Railway Company. On the Atlantic, its "Empress" steamers are among the most seaworthy and comfortable of twentieth century construction. On the Pacific, the "Empress" lines to Japan and China from Vancouver are the favourite boats with all who are familiar with the Orient. The Canadian-Australian line between Vancouver and Sydney is steadily winning the allegiance of the Australian and New Zealand travellers.

The Canadian Pacific Railway is not, however, confined to the Dominion. Its "Soo" line dips south into the United States as far as Minneapolis, and then back to the main line at Moose Jaw, making the shortest rail connection from the Mississippi Valley to the Pacific, while it has extended south of the American boundary line to Portland, Oregon, and Seattle, Washington. The Company builds at the rate of 400 miles a year, but with all its extensions keeps on steadily improving its main lines, double-tracking here, lessening gradients there, and flattening out curves in other places. Between Rossport, 877 miles west of Montreal, and Gravel, 893 miles, some of the heaviest constructional work is found in the shape of deep rock-cuttings, viaducts, and tunnels. The snowsheds in the Rockies form a triumph of engineering. Built of heavy cedar wood, and backed with rock, they are fitted into the mountain side in such a manner that the most terrific avalanche slides harmlessly over the track. To enable travellers to enjoy the magnificent scenery, avoiding lines have been constructed outside, and are used during the summer.

On June 30th, 1910, the Company had 18,870 freight cars, 1,913 passenger cars, and 1,533 locomotives. In its Angus shops at Montreal it builds cars at the rate of a train a day. Its freight cars have a carrying capacity equal almost to the weight

of the whole population of England at one time. The Pacific No. 4-6-2 type passenger engines recently adopted by the Company are the largest and most powerful machines so far running in Canada east of the Rocky mountains. The engine weighs 95 tons and the tender 55 tons.

The Company's crack Trans-Continental train, the Imperial Limited, is certainly one of the railway glories of our Empire and all things considered one of the most remarkable trains in the world. The westbound train leaves Montreal daily at 10.30 p.m. and the eastbound starts from Vancouver daily at 3.45 p.m. The journey from ocean to ocean, a 898 miles in length, is accomplished in 97 hours or at the inclusive rate of speed of 79 miles an hour but it must not be forgotten that 612 miles of the journey are over the ranges and valleys of the Rocky mountains. While a further portion of 555 miles (Sudbury to Fort William) is over the rugged country north of Lake Superior. Observation cars specially designed to allow an unbroken view of the wonderful mountain scenery are attached to the Imperial Limited between Canmore and Revelstoke from May 20th to October 15th.

Probably the most perfectly appointed train ever constructed is the one used by King George and Queen Mary during their Canadian tour in 1901. It consisted of nine cars vestibuled together giving a total length of 730 ft. and a total weight of 395 tons. The interior of this wonderful train which was entirely built in the Canadian Pacific Railway shops at Montreal, proved a revelation of the possibilities of luxury and comfort of modern railway travel. Among other refinements it had a complete telephone system throughout its length. The railway voyage of their Royal Highnesses over the C.P.R. lasted from September 13th to October 10th and during these 22 days 5,670 miles were covered from Quebec to Vancouver and back to North Bay.

To operate its trains and steamships together with its subsidiary undertakings the Canadian Pacific Railway Company required a great force of men—over 70,000. The company has made a special study of the welfare of this peaceful army. Its apprentice system enables the young mechanic to advance to the highest position in the organization. The moral and physical side as well as the mental is covered by the training given. In order to encourage the deserving apprentices the Company donates each year a University scholarship to the ten best apprentice. Instruction cars to give instruction in the air brake steam heating electric lighting and safety appliances travel up and down the lines. Boarding houses have been erected by the Company and given over to the M.C.A. to operate the Company defraying the cost of light heat repairs etc. and paying the salary of the secretary. At the same time Angus shops Montreal good wholesome well-cooked food is served to the employees in warm comfortable canteens at nominal prices. Sleeping accommodation is provided for engine men, car attendants and brake men at every divisional point between the Atlantic and the Pacific. In every department and branch of this vast industry will be found various subsidised clubs or organizations for mutual improvement and social enjoyment. For example the staff of the famous chateau Frontenac Hotel Quebec have a snowshoe club which enjoys a number of outings during the winter season. Lastly there is a pension fund under which a continued income is assured to those who after years

of continuous service are by age or infirmity no longer able to perform their duties.

**VI RAILWAYS OF ARGENTINA**—The nationalities to which South America owes its railways differ almost as much as the physical features. The Argentine Railways however are practically synonymous with British ownership and British practice. Two factors have been responsible for this state of affairs. Firstly the United Kingdom was the first European power to recognise the national existence and independence of the Argentine Republic by concluding with it in 1825 a commercial treaty. The Argentine Government did not forget that friendly action and in later years it invited British capital to build up a railway system. The first railway in the Argentine was opened in 1857 viz. a short line from Buenos Ayres to Florestan and its rails are said to have been rolled from Pusan cannon captured by our army at Sebastopol. In 1862 Mr. Frank Parrish, son of Sir Woodbine Parrish, the British minister responsible for the aforesaid treaty of 1825 obtained the original concession for the Buenos Ayres Great Southern Railway which may be said to have initiated British railway enterprise on a comprehensive scale in Argentina. The second factor is that the more or less stable profits derived from agriculture and stock raising have drawn the British capitalist to Argentina in contradistinction to the more speculative attractions offered by the mineral wealth of Peru and Bolivia, the exploitation of which the British investor has been content to leave to railway projectors from the United States.

The present Argentine Railway system may be classified according to gauge and ownership as follows—

Firstly there is the important group consisting of four broad gauge (5 ft 6 in.) railways which have been built with British capital and are managed on British lines—

	Mileage	Capital
Buenos Ayres Great Southern	2,812	43½ millions sterling
Buenos Ayres Western	1,305	19
Buenos Ayres & Pacific	2,867	22
Central Argentine	939	37

The above lines all radiate from the Federal capital.

Secondly there is the British-owned standard gauge (4 ft 8½ in.) Buenos Ayres Central Railway which runs from the capital to the port of Zarate where its trains are conveyed by means of a ferry to the Eastern side of the Paraná river to the province of Entre Rios thus linking up with the Entre Rios and North East Argentine systems of the same gauge. It should be added that the Paraguayan Central Railway is now converting its system from the 5 ft 6 in. to the 4 ft 8½ in. gauge and extending towards the Entre Rios system. When the junction is effected through communication between Buenos Ayres and Asuncion the capital of Paraguay will be established.

Thirdly the French-owned metre gauge lines form an important system. These comprise the Province of Santa Fe Railway Company which owns 1,060 miles and the Province of Buenos Ayres Railway Company which founded in 1905 has already constructed 22 miles of line and it is also 1,150 miles planned. There is also a French broad gauge line the Rosario and Puerto Belgrano

500 miles in length. It seeks to divert traffic to these ports from that of Buenos Ayres.

Fourthly, there are the Argentine State Railways, all on the metre gauge, of which the Argentine Northern, in the province of La Rioja, and the Central Northern, stretching from Santa Fe to Tucumán, are the most important systems. The Government lines do not touch the Federal capital, but by means of running powers over the French metre gauge systems they have access thereto.

Lastly, there are three principal metre gauge systems in British hands, namely, the Transandine, controlled by the Buenos Ayres and Pacific, the Buenos Ayres Midland, subsidiary to the Great Southern, and the Central Cordoba, which forms an independent group, and competes fiercely with the Central Argentine, together with certain of the French lines.

The Transandine Railway is the first trans-continental railway, joining the east and west coasts of South America between Buenos Ayres and Valparaíso, a distance of 880 miles, and forming part of the connecting link between the trunk lines of the Argentine Republic and the State Railways of Chile, for it is only the pioneer of three trans-continental lines already under construction. The Transandine scheme has been in progress for a number of years. A start was made in 1886 with the section from Mendoza, at the foot of the Andes, to Las Cuevas, the limit of the Argentine frontier. Mendoza, it should be explained, is the terminus of the Pacific broad gauge line from Buenos Ayres. The Andean, or summit tunnel through the Cordillera mountains, was pierced in December, 1909, and in the following spring the first train passed through. As an engineering feat the Transandine Railway will rank among the most remarkable achievements in the world, but an entirely erroneous impression has got abroad to the effect that this is the highest railway in the world. The Andean Tunnel, however, lies at an elevation of 10,500 ft. above sea-level, whereas the Collahuasi branch of the Antofagasta and Bolivia Railway climbs up to 15,809 ft., and the Central Peruvian Railway attains its zenith in the Galera tunnel at an altitude of 15,583 ft. The total length of the metre gauge line on both sides of the Andes is 149 miles, the distance from Mendoza to Las Cuevas being 105 miles, all on the up grade, with a total rise of 8,100 ft. On the Chilean side the grade is much steeper, there being a drop of 7,702 ft. in the 41 miles from the summit to Santa Rosa del los Andes. The Abt Rack Rail is employed on gradients steeper than 5 per cent. The Andean Tunnel is a spiral perforation, 3,280 yds long, and occupied four years in the making. The engineers were Messrs. Livesey Son & Henderson, of London, and the contractors another English firm, Messrs. C. H. Walker & Co., Ltd. Besides the big tunnel there are thirteen short ones, aggregating 1,500 yds in length and among other heavy engineering works tremendous cuttings in gravel and rock, also extensive defences to protect the line against river floods, snow avalanches, and falling stones. Some good scenery is passed en route, notably, the mightiest peaks in South America. This railway is destined to have a great influence on the South American countries and their commercial relations. Through trains with sleeping and dining cars are already running between Buenos Ayres and Valparaíso in 36 hours. Some exceptionally powerful articulated combined rack rail and adhesion tank locomotives have recently been

built for the line by Messrs. Kitson & Co., Ltd., of Leeds.

The Transandine Railway is a thing apart. The principal characteristics of the Argentine lines are their extraordinary straight alignment and the absence of bridges and tunnels. The longest "straight" in the world is on the Pacific system, and it extends for 217 miles. There are many stretches upwards of a hundred miles in length without a bridge or a tunnel.

The simplicity of Argentine railway construction in many places may be gauged from the fact that it merely means flinging the hard red quebracho wood sleepers on to the flat pampas, the land surface soil furnishing the ballast. The main lines of the British broad-gauge Companies, however, possess a very solid permanent way. Steel rails weighing from 95 lbs to 100 lbs per yard are used, and the track is stone or shell ballasted on the latest model. The rails are not "chaired" except on bridges. Both the Great Southern and Pacific Railways are block-signalled and interlocked throughout, while the electric trains' staff is employed for single line working. Semaphore signals and signal cabins in Argentine are just what we are accustomed to see at home.

The transport of cattle, grain, and general merchandise provides the Argentine railways with nearly 90 per cent of their total revenue. On some lines passenger trains are run only twice or thrice a week. High capacity (40 to 45 tons) closed, steel bogie waggons are mainly employed for the conveyance of the wheat, maize, linseed, and ordinary goods-traffic. The standard type of cattle truck is loaded from the ends, which are furnished with folding gates, and it is a curious sight to see a drove of beasts defiling down a train of trucks half a mile or so in length, the end of the last truck being furnished with a ramp to facilitate egress. Sheep are carried in double-decked waggons. Owing to the dishonesty of the native population, every goods wagon has to be padlocked and sealed with a large lead seal, otherwise the contents, including even cattle, would be stolen during transit.

The Great Southern Railway gets the cream of the passenger traffic, and runs magnificently appointed express trains between the Federal capital and Bahía Blanca 405 miles, also to Mar del Plata, the Argentine Brighton, 250 miles. The rush of wealthy Argentines to the latter watering place during the holidays provides scenes reminiscent of those on the Anglo-Scottish routes in August. The typical liberal policy of British management cannot be mistaken when one sees train after train of restaurant and sleeping cars being despatched thither. All the trains in Argentina are first and second class, with the exception of a few trains *de luxe* to Mar del Plata during the summer, while those making long through journeys are invariably accompanied by restaurant or sleeping cars. The day saloon coaches are on the Pullman car model, but the latest type of sleeper eschews the lack of privacy found in the former vehicle when it is convertible to night use, for it is built to fulfil the British requirements of two and four berth cabins. The Central Argentine Railway has introduced second class sleepers as an experiment.

Notwithstanding the splendidly organised and extensive electric tramway service in and around Buenos Ayres, both the Central Argentine and the Great Southern Companies have heavy suburban traffics. The electrification of these lines is pro-

under consideration. There is also talk of constructing electric railway subways as differentiated from deep level tubes in the city itself.

Nearly all the standard locomotives used on the broad gauge lines in Argentina are British; the few exceptions being specimens of German or American manufacture. Compound engines seem to predominate doubtless because they are believed to give better results with bad water than simple and the country is studded with bad water districts from the locomotive superintendent's point of view. The 4-6-0 type is in chief favour for both main line passenger and goods traffic. A feature of the engines built for the metre gauge is their enormous tractive power.

Although the four big hand gauge companies have large workshops where an increasing amount of rolling stock is built and all repairs are undertaken they have not yet embarked upon locomotive construction. The splendidly equipped all electric shops of the Central Argentine Company at Rosario are so complete and up to date as to surprise European visitors. They cover 110 acres and employ from 3,000 to 4,000 hands. In some respects however the newest and best railway manufactory is the Government establishment at Tañá Viejo 700 miles in the interior. Here is a magnificent array of British and German machine tools. These works build locomotives.

Generally speaking the British owned lines buy all their material and equipment from firms at home. The French capitalised companies deal exclusively with French and Belgian manufacturers and the Government Railways divide their favours between British, American and German houses with a tendency to manufacture more and more material for themselves.

Undoubtedly British goods have received a grand advertisement by the building of the special saloon for the President of the Republic having been entrusted to the Metropolitan Amalgamated Railway Carriage & Wagon Co. Ltd. This carriage was the star attraction at the Centenary Exhibition of 1910. It claims to be the largest and most palatially fitted vehicle of the kind ever built. It contains marble fire places, silver plated baths, library, observation saloon, kitchen, ice house, etc. It is constructed of steel throughout and the exterior is painted in cream with gold and blue lining the national Argentine colours.

The latest returns available show 15,598 miles of line working in the Argentine of which 2,048 miles belong to the State and 13,517 miles are British. Therefore in this quarter of the South American continent with its unsurpassed potentialities British enterprise enjoys almost a monopoly. The prospects for young men from England in the engineering and traffic department are very bright but it will be understood that it is essential they should learn to speak Spanish. Quite recently two railway experts abandoned high positions on British lines in order to accept similar posts with Argentine Railway Companies at princely salaries.

**VII RAILWAYS OF BRITISH INDIA.**—The railways of British India form a unique medley. We have (1) State lines constructed and worked by the State. (2) State lines constructed by companies and worked by the State. (3) State lines worked by companies. (4) Lines constructed with State assistance and worked by companies. (5) Lines constructed and worked by

guaranteed companies. (6) Lines owned by Native States and worked by the Government. (7) Lines owned and constructed by branch companies and worked by the State. (8) Purely Native State Railways. Down to December 31st 1908 the State Railways consisted of 23,633 miles and the Native State lines of 3,671 miles out of a grand total of 30,576 miles of lines open to traffic. Considering the size, trade and population of the country this is a poor result. Much still remains to be done to provide India with the railway communication she needs. There can be no doubt that the frequent vacillations which have characterised the railway policy of India as reflected by the above state of affairs are due to the serious difficulty arising from the fluctuations of the silver standard.

The beginning of our Indian railway system dates from 1850. For six years previously negotiations had been in progress between the Government of India, the Directors of the East India Company and private company promoters. It was realised that the working of railways in India would present special and peculiar obstacles: viz. floods, storms, damage by insects, tropical vegetation, enervating heat, difficulty and expense of securing competent engineers. In that year Lord Dalhousie, then governor general, issued his famous minute by which he determined the character of Indian railways, resolving to avail himself of private enterprise while providing a system of direct but not vexatious control by the State. The companies were to be guaranteed a return of 5 per cent upon their capital outlay, and when the lines earned a surplus over this figure any advances towards making it up in the past were to be gradually repaid to the Government. On this basis a great scheme of trunk lines was laid out and placed in the hands of six great concerns, namely, the East Indian, Great Indian Peninsula, Madras, Bombay, Baroda and Central India, Eastern Bengal, Sind, Punjab and Delhi (now merged in the North Western State Railways). The programme provided for the construction of about 5,000 miles of line on the standard gauge of 5 ft. It must be explained that when railways were first proposed in India a gauge wider than the ordinary one of 4 ft. 8½ in. was considered desirable, as the latter it was thought would be inadequate against cyclonic storms so frequent at certain seasons of the year. After much discussion a gauge of 5 ft. was adopted and became the standard gauge for India. The earlier railways were constructed by companies promoted in England, which were managed by a board of directors in London and were represented in India by an agent who had under him a traffic manager, a chief engineer, a locomotive superintendent and a store keeper, while a police superintendent was appointed by the Government. As the engineers procured from England were absolutely ignorant of the country and its conditions many unfortunate mistakes were perpetrated in building the first lines. To commence with they were planned regardless of cost, steep gradients and sharp curves being avoided while more attention was paid to directness of alignment than to ensuring that the railways should adequately serve the trade centres on the route. Then the lines were built and equipped in an extravagant manner, viz. with heavier rails than the traffic warranted, unnecessary safety appliances, too substantial station buildings and much useless double track mileage. Again it was considered there

## REALISATION ACCOUNT

19 Jan 1	To Transfers from			19 Feb 15	By Cash, proceeds of Sale		
	Land and Buildings A/c	2,360	0 0		of Land and Building	2,500	0 0
	Plant and Machinery "	1,842	0 0	" 17	" Cash, proceeds of Sale		
	Furniture & Fittings "	185	0 0		by auction	6,384	0 0
	Stock of Goods A/c	2,900	0 0	" "	" Loss on realisation,		
	Sundry Debtors	3,153	0 0		transferred to Profit	1,556	0 0
					and Loss A/c		
		£10,440	0 0			£10,440	0 0

## PROFIT AND LOSS ACCOUNT

19 Feb 17	To Transfer from Realisa- tion A/c (Loss on realisation)	1,556	0 0	19 Feb 17	By A, Capital A/c $\frac{1}{2}$ loss	778	0 0
				" "	" B, " " $\frac{1}{2}$ "	389	0 0
				" "	" C, " " $\frac{1}{2}$ "	389	0 0
		£1,556	0 0			£1,556	0 0

officer who remains in the army reserve, the pay of a commercial traveller engaged at £100 a year, payable weekly, the salary of an actor, or the income of a surgeon-dentist carrying on business in partnership. Personal earnings which are reasonably necessary for the maintenance of the bankrupt and his family do not, however, pass to the trustee. Neither the prospective earnings of a professional man nor the wages of a collier can be attached. If an order is made attaching the salary of a debtor it is put an end to by an order of discharge, unless expressly excepted.

**REALTY.**—This word is derived from the Latin *res*, a thing.

All property is divided into two classes, real and personal, the general term for the former being realty and for the latter personalty. Another division is into immovable and movable, but these two species of division do not overlap, and it must always be recollected that the distinction is traceable entirely to the history of property, and to the particular remedies which were available to a wronged party for the recovery of that which he had lost.

Realty includes freehold (whether in fee simple, in fee tail, or for life), and copyhold and customary freehold land, but not leasehold land (leasehold is included under personalty). Where real property is to be sold, according to the terms of a will, it is reckoned as personalty. An "equity of redemption" is part of the real estate.

If Brown leaves his "real" property to Jones, Jones is called the devisee, and the property is said to be devised. If he leaves "personal" property Jones is called the legatee and the property is said to be bequeathed.

**REAM.**—A bundle or a package of paper. A ream of writing-paper consists of twenty quires, each quire containing twenty-four sheets. A ream of printing paper (generally known as a printer's ream) contains twenty-one and a half quires, or five hundred and sixteen sheets.

**REAUMUR.**—The name of a French physicist, who invented one of the three kinds of thermometers, the other two being the Centigrade (*qv*) and the Fahrenheit (*qv*). In the Reaumur system

the freezing point is at 0° and the boiling point at 80°. This thermometer is much less in use than the other two above mentioned.

**REBATE.**—This word means, literally, a drawing back. At the end of a half-year a banker calculates the amount of rebate on bills discounted—that is, he takes into his profit and loss account only the amount of discount up to the end of the half-year, the discount from that date till the maturity of the bills (the rebate amount) being carried forward into the accounts for the next half. The rebate is one of the items which pass through the adjustment of interest account (*qv*).

The word is also used with reference to an amount of interest credited to an account to refund a sum previously charged.

If a documentary bill is paid before maturity it is said to be paid under rebate, an allowance of  $\frac{1}{2}$  per cent. above the deposit rate of the principal London banks being made. (See DOCUMENTARY BILL.)

As to the rebate to be deducted when a creditor proves upon a bankrupt's estates for a debt payable at a future time, see PROOF or DEBTS.

**REBUTER.**—(See PLEADINGS.)

**RECEIPT.**—This is a legal written acknowledgment of the payment of a sum of money. If the sum paid is £2 or more, a penny stamp (or two half-penny ones) must be affixed and cancelled, otherwise the receipt is of no legal effect. The stamp is now the ordinary postage stamp, the special penny inland revenue stamp having been discontinued for many years.

The Stamp Act, 1891, provides—

"101—(1) For the purposes of this Act the expression 'receipt' includes any note, memorandum, or writing whereby any money amounting to two pounds or upwards, or any bill of exchange or promissory note for money amounting to two pounds or upwards, is acknowledged or expressed to have been received or deposited or paid, or whereby any debt or demand, or any part of a debt or demand, of the amount of two pounds or upwards, is acknowledged to have been settled, satisfied, or discharged, or which signifies or imports any such acknowledgment, and whether the

same is or is not signed with the name of any person

(2) The duty upon a receipt may be denoted by an adhesive stamp which is to be cancelled by the person by whom the receipt is given before he delivers it out of his hands

10° A receipt given without being stamped may be stamped with an impressed stamp upon the terms following that is to say—

(1) Within fourteen days after it has been given on payment of the duty and a penalty of five pounds

(2) After fourteen days but within one month after it has been given on payment of the duty and a penalty of ten pounds

and shall not in any other case be stamped with an impressed stamp

103 If any person—

(1) Gives a receipt liable to duty and not duly stamped or

(2) In any case where a receipt would be liable to duty refuses to give a receipt duly stamped; or

(3) Upon a payment to the amount of two pounds or upwards gives a receipt for a sum not amounting to two pounds or separates or divides the amount paid with intent to evade the duty he shall incur a fine of ten pounds

It will be seen therefore that the stamp ought really to be on the receipt at the date when the money is paid

Where a form of receipt either on the face or on the back of a cheque is signed it must be stamped. The signature of the payee alone is exempt.

If a receipt is placed upon a bill or promissory note (except by a banker) it requires to be stamped

When a deposit receipt is issued it does not require a stamp but when it is discharged by the depositor signing a form of receipt on the back a stamp is required. To save the trouble of affixing an adhesive stamp on payment of a deposit receipt the receipts of many banks are impressed with a penny stamp when issued.

Where a banker acknowledges the receipt of money from say Jones for the credit of Brown a stamp is required. Where a letter acknowledges a payment and encloses a stamped receipt it is considered that one stamp is sufficient

Where a debt is paid by cheque it is not necessary to state on the receipt that payment was made by cheque as the person taking the cheque can in the event of the cheque being dishonoured sue the debtor for the amount

Receipts for wages and for subscriptions to charities are chargeable with duty but the Commissioners do not enforce a penalty if a receipt for a donation or subscription to an institution totally devoted to charitable purposes is given unstamped (See RECEIPT ON CHEQUE)

The following are the exemptions granted by the Stamp Act 1891 as to receipts—

(1) Receipts given for money deposited in any bank or with any banker to be accounted for and expressed to be received of the person to whom the same is to be accounted for

(2) Acknowledgment by any banker of the receipt of any bill of exchange or promissory note for the purpose of being presented for acceptance or payment

(3) Receipt given for or upon the payment of any parliamentary taxes or duties or of moneys to or for the use of His Majesty

(4) Receipt given by an officer of a public department of the State for money paid by way of interest or advance or in adjustment of an account where he derives no personal benefit therefrom

(5) Receipt given by any agent for money imputed to him on account of the pay of the army

(6) Receipt given by any officer seaman marine or soldier or his representatives for or on account of any wages pay or pension due from the Admiralty or Army Pay Office

(7) Receipt given for any principal money or interest due on an exchange bill

(8) Receipt written upon a bill of exchange or promissory note duly stamped (Not repealed)

(9) Receipt given upon any bill or note of the Bank of England or the Bank of Ireland

(10) Receipt given for the consideration money for the purchase of any share in any of the Government or Parliamentary stocks or funds or in the stocks and funds of the Secretary of State in Council of India or of the Bank of England, or of the Bank of Ireland or for any dividend paid on any share of the said stocks or funds respectively

(11) Receipt indorsed or otherwise written upon or contained in any instrument liable to stamp duty and duly stamped acknowledging the receipt of the consideration money therein expressed or the receipt of any principal money interest or annuity thereby secured or therein mentioned

(12) Receipt given for an allowance by way of draw back or otherwise upon the exportation of any goods or merchandise from the United Kingdom

(13) Receipt given for the return of any duty or customs upon a certificate of over entry

Receipts upon a duly stamped letter of allotment or scrip certificate are exempt. The exemption is included in No 11 (*supra*)

The Finance Act, 1893 Section 9 repealed exemption number 8 in the Stamp Act 1891

Receipt written upon a bill of exchange or promissory note duly stamped and enacted that the duty shall be charged as if the exemption had not been contained in that Act, provided that by words of receipt or note written in the ordinary course of his business as a banker upon a bill of exchange or promissory note duly stamped upon a bill of the name of the payee written upon a draft or order if payable to order shall constitute a receipt chargeable with stamp duty

There are certain other exemptions specially provided for in the Building and Friendly Societies Acts the Landrupt Act and the Finance Act 1893 but they need no notice here

**RECEIPT BY CHEQUE**—In order to avoid the trouble of receipts, receipts when payment of the account is made by cheque many companies now make use of cheques with a form of receipt upon the face of the cheque with a form of receipt upon the back of them and an intimation is given that this is the only form of receipt the payee is required by the drawer of the cheque to sign

A document of this description is sometimes called a "Pay" or "order" the sum of £100 has been duly received and paid









